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Part I: Co-operation and Association

GERMANY.

DISTRIBUTIVE CO-OPERATIVE SOCIETIES IN GERMANY.

SOURCES :

JAHRESBERICHT DES ZENTRALVERBANDES DEUTSCHER KONSUMVEREINE FÜR 1913 (*Annual Report of the Central Federation of the Distributive Co-operative Societies of Germany, for 1913*). Hamburg, 1914.

§ 1. DISTRIBUTIVE CO-OPERATIVE SOCIETIES IN GERMANY ON JANUARY 1st., 1914.

Generally speaking, the usefulness of the Distributive Co-operative Societies in a country does not so much depend upon the number of such societies, as upon the number of members and the diligent use that the latter make of the services of the societies. It is manifest that members who only figure on paper are of little use.

The number of co-operative societies of new creation in Germany has tended to decrease since 1913 (Table I). This is due to the tendency towards concentration, which is also encouraged by the formation of district co-operative societies on the part of the Central Federation of the German Distributive Co-operative Societies. Concentration is of advantage in competition with private trade which tends to establish warehouses with branch establishments, and, further, it permits of increased production on the part of the co-operative societies and serves to prevent

the rise of weak organisations. This explains the decrease in the number of societies founded, the increase in the number dissolved and, in fine, the inevitable diminution of the number of societies.

TABLE I. — *Number of Co-operative Societies.*

Year	Societies Founded	Societies Dissolved	Societies Existing
1903	178	31	1,904
1904	143	47	2,090
1905	126	57	1,922
1906	137	52	2,007
1907	154	50	2,110
1908	155	43	2,222
1909	111	63	2,270
1910	117	76	2,311
1911	101	57	2,255
1912	92	53	2,394
1913	66	82	2,378

With regard to the *number of the members*, data are given in Table II for the period from 1903 to 1913. In the course of 1913, there was an increase of 137,384 in the number of the members of the Central Federations; thus it rose from 1,483,811 to 1,621,195.

The General Federation (which exists alongside of the Central Federation and also includes Distributive Co-operative Societies) showed an increase of 29,579 members in 1912. The increase in 1913 cannot have been much less. And allowing for the increase in the number of members of unfederated co-operative societies, the total increase of the members of German distributive co-operative societies may be estimated, in round numbers, at 200,000. Therefore the total number of the members of the German Distributive Co-operative Societies may have risen to 2,300,000, in round numbers, by January 1st., 1914.

TABLE II. — *Co-operative Societies adhering to Federations.*

Years (January 1st.)	Central Federation		General Federation		Total	
	No. of Affili- ated Co-operative Societies	No. of Members	No. of Affili- ated Co-operative Societies	No. of Members	No. of Affili- ated Co-operative Societies	No. of Members
1903	585	480,916	242	300,721	927	781,637
1904	666	523,085	272	248,004	938	819,001
1905	715	646,175	272	255,916	1,017	902,091
1906	827	715,929	276	238,097	1,094	954,026
1907	900	776,999	274	246,945	1,174	1,023,944
1908	859	879,221	282	252,618	1,241	1,131,839
1909	1,028	966,904	278	257,082	1,306	1,223,986
1910	1,077	1,047,975	285	262,522	1,362	1,310,497
1911	1,109	1,171,763	290	270,437	1,399	1,442,200
1912	1,142	1,313,422	293	276,645	1,435	1,590,067
1913	1,155	1,483,811	290	306,224	1,445	1,790,035
1914	—	1,621,195	—	—	—	—

It may be interesting to consider the composition of the co-operative societies affiliated to the Central Federation in 1903 and 1913, according to the profession of the members, both in regard to the total numbers and the percentages for each class (Table III, A), and to compare the figures with those affiliated to the General Federation of Co-operative Societies for the same period (Table III, B). In the General Federation, there is a very much larger percentage of artisans and independent farmers, of persons engaged in the liberal professions, agricultural employees on wages and receiving salaries, and persons without any given profession, than in the Central Federation, in which industrial employees on wages or salaried predominate, while the independent farmers form but a small group. While a decreased percentage is observed in the General Federation in the case of these last, from 1910 to 1912 there was comparatively a slight increase in the Central Federation. This was due to the fact that the district distributive co-operative societies carried on a retail trade also in the country round about their head quarters. This makes it possible to anticipate an increased action on the part of the distributive co-operative societies among the agricultural population, even if the group of wage earning and salaried agricultural employers were to unite with the group of independent agriculturists to bring in the whole agricultural population interested in the distributive co-operative movement.

TABLE III. — *Distribution according to Profession of all the Member of the German Distributive Co-operative Societies.*

(*Total numbers and percentages*).

Year	Independent Artisans	Independent Farmers	Members of Liberal Professions, Employees of the State and Communes	Wage earning or Salaried Industrial Employees	Wage earning or Salaried Agricultural Employees	Profession not Stated, Private Individuals, Pensioners, etc.	Total	Men	Women
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(A) *Central Federation.*

1903	38.295 (7.7)	8.583 (1.7)	22.593 (4.5)	390.601 (78.3)	14.811 (3.0)	24.123 (4.8)	514.333 (100)	482.622 (93.6)	31.711 (6.4)
1913	84.760 (5.5)	52.202 (3.4)	52.202 (3.4)	1.220.530 (79.1)	37.552 (2.4)	119.576 (7.8)	1.306.646 (100)	1.306.646 (84.7)	238.851 (15.3)

(B) *General Federation.*

1903	20.520 (14.0)	6.861 (4.7)	(1) 36.756 (25.0)	(2) 62.226 (43.3)	8.895 (6.0)	11.816 (8.0)	146.982 (100)	129.330 (88.0)	17.652 (12.0)
1912	59.917 (21.2)	10.715 (3.8)	82.940 (29.3)	93.629 (33.1)	11.086 (3.9)	24.908 (8.8)	283.205 (100)	252.235 (89.1)	36.91 (10.90)

(1) In this group are also included: railway employees, dependent sailors, and servants.

(2) In addition: porters, and servants.

Table IV, finally, shows the general development of the German Distributive Co-operative Societies from 1904 to 1914, and shows in particular the increase in the *means* at the disposal of co-operation for its development.

TABLE IV. — *Situation of the Distributive Co-operative Societies, in 1904 and 1914.*

Details	1904	1914	Increase per cent
Number of Members	1,000,000	2,300,000	130.0
Total Business of the Society M.	223,486,000	663,816,600	197.0
Production "	21,312,000	112,803,500	429.3
Total Business of Distribution "	24,103,000	46,484,200	92.9
Cash in Hand "	3,233,000	5,860,200	81.3
Goods in Hand "	28,936,000	74,476,600	157.1
Capital out at Interest "	15,494,000	62,760,000	305.1
Personal Estate "	4,957,000	18,256,100	268.2
Value of Real Estate "	31,350,000	109,723,600	250.0
Members' Assets "	19,487,000	42,864,800	120.0
Reserves of Every Kind "	9,298,000	30,110,600	223.8
Loans Contracted and Savings Deposits "	9,232,000	71,017,100	669.2
Mortgage Debts "	16,028,000	51,032,600	218.4
Contributions of Members for the Office "	2,244,000	7,413,000	230.3
Goods Debit "	4,800,000	12,662,000	163.8
Credit of Members for Discount and Balance "	23,064,000	58,562,400	153.9

§ 2. THE CENTRAL FEDERATION OF GERMAN DISTRIBUTIVE CO-OPERATIVE SOCIETIES.

1. *Organisation.*

On January 1st., 1903, there were in Germany about 950,000 persons associated in distributive co-operative societies. Of these 480,960, or 51 per cent. belonged to the Central Federation. Of the 2,300,000 members registered with the distributive co-operative societies on January 1st., 1914, 1,621,195, or 70 per cent. belonged to the Central Federation, so that the proportion of the members of the latter association had increased by 19 per cent. between 1903 and 1914.

Gradually as it develops, the Central Federation adapts its internal organisation to new tasks. In the Extraordinary Co-operative Congress held at Hamburg on November 25th., 1914, the rules of the Federation, were revised, and its aims were defined as the reunion and organisation of every kind of German Distributive Co-operative Association, together with the protection of common interests by means of a union of forces and concerted measures.

The Central Federation is composed of 9 inspection federations (*Revisionsverbände*), of the Wholesale Purchase Society of the German Distributive Co-operative Societies Limited (*Grosseinkaufs-Gesellschaft Deutscher Konsumvereine m. b. H.*) which ranks as an inspection federation; in fact, the Central Federation includes all the co-operative societies affiliated to the inspection federations.

From 1913 only such consumers' co-operative societies may be affiliated to the inspection federations as on entering or leaving the federations implicitly enter or quit the Central Federation.

The contributions are in proportion to the importance of the business.

The Publishing Society of the German Distributive Co-operative Societies occupies a special position in regard to the Central Federation and is a limited liability society (*Verlagsgesellschaft deutscher Konsumverein m. b. H.*). It is not a member of the Central Federation, but is attached to the same inasmuch as the Management of the latter is also that of the Publishing Society; the committee of the Central Federation is at the same time the supervision committee of the Publishing Society. All the co-operative societies of the Federation have to be members of the Publishing Society.

The executive authorities of the Central Federation are: the *Annual and Extraordinary Congresses of the Co-operative Societies*: the *General Council*, which meets twice a year, the *Committee* and the *Board of Management*.

The Inspection Federations have, as a rule, 3 executive authorities, viz., the *Annual and Extraordinary Congresses*, the *Supervision Committee* and the *Board of Management*.

The Publishing Society has also *Ordinary Annual Meetings*.

For purposes of collective purchase there are in the different districts purchasing unions (*Einkaufsvereinigungen*) corresponding with the inspection federations. The heads of these unions are annually called together by the Wholesale Purchase Society to consider questions dealing with collective purchase. In special relation with the Central Federation there are: the *Mutual Aid Society of the Central Federation of the German Distributive Co-operative Societies* for the employees and workmen of the federated co-operative societies, the number of the members of which rose in 1913 to 8,314: the *Tariff Office*, the *Examining Committee*, the *Professional Committee*, etc.

2. The Work of the Central Federation and the Institutions Connected therewith.

In the preparation of the statistics of the economic results attained by the Central Federation and the Co-operative Institutions, a different group has to be taken into consideration. Thus we must consider separately: (a) the distributive co-operative societies; (b) the labour co-operative societies and co-operative societies with other objects; (c) the Wholesale Purchase Society; (d) the Publishing Society. It is the two groups *a* and *b* that are subdivided into the 9 inspection federations.

The totals given in Table V show the economic strength of the Central* Federation. From 1912 to 1913, there was observed a decrease in the number of the affiliated co-operative societies, while that of those co-operative societies which furnished data remained the same. The members increased in number during the period in question, but it is to be noted that while those of the distributive, labour and miscellaneous societies are almost without exception single individuals, those of the Society for Wholesale Purchase and the Publishing Society are co-operative societies. The number of shops and warehouses also increased between 1912 and 1913.

TABLE V. — *Situation of the Central Federation.*

Organisations	Affiliated Co-operative Societies	Co-operative Societies Furnishing Data	Number of Members at Close of Financial Year	Number of Shops	Number of Central Warehouses
Distributive Co-operative Societies . . .	1,157	1,129	1,621,195	4,881	227
Labour and other Co-operative Societies . . .	38	38	11,085	—	—
Wholesale Purchase Society	1	1	807	—	7
Publishing Society	1	1	557	1	2
Total at End of 1913 . . .	1,197	1,169	1,633,644	4,882	236
" 1912 . . .	1,200	1,169	1,495,501	4,411	214

The share of the organisations in the wholesale co-operative purchase is shown in Table VI.

TABLE VI. — *Wholesale co-operative purchases and sale of goods directly produced.*

Organisations	Foundation Capital Subscribed in the Wholesale Purchase Society	Capital Subscribed in the Production Branch of the Wholesale Purchase Society	Goods Business Done in the Wholesale Purchase Society	Banking Branch of the Wholesale Purchase Society		Results of Sale of Own Produce
				Deposits Withdrawable at 3 or more Months' Notice	Current Account Transactions	
	M.	M.	M.	M.	M.	M.
Distributive Co-operative Societies	3,871,108	372,662	136,242,337	16,899,667	152,955,436	99,877,629
Labour and other Co-operative Societies	16,500	—	1,317,371	—	1,064,521	10,659,880
Wholesale Purchase Society	—	—	—	—	200,496,408	11,076,578
Publishing Society	1,000	—	169,000	1,497,826	13,891,000	3,410,477
Total at Close of 1913 . . .	3,888,608	372,664	137,728,708	18,397,493	368,407,365	129,028,564
" 1912 . . .	1,829,706	279,474	112,161,778	15,180,170	276,963,504	103,956,053

The number of persons occupied in the goods division increased in 1913 from 20,119 to 22,727; and those engaged in the preparation of the goods from 6,283 to 6,549. The total number of persons employed rose from 26,402 to 29,276.

The proceeds of private sales effected by the four groups of federations increased from 571,000,000 marks to 640,000,000 marks, while the value distributed increased from 31,800,000 marks, to 33,500,000 marks.

The gross business increased from 603,000,000 marks to 674,000,000 marks, while the gross receipts increased from 84,000,000 marks to 91,000,000 marks. The net surplus increased from 25,900,000 marks to 26,700,000 marks.

From the returns made in 1913, we see that the income of the Federations had risen to 192,854.78 marks. There is no prospect of any large increase for 1914 and 1915.

3. *The Wholesale Purchase Society.*

This is a central co-operative distributive production and thrift society of the German distributive co-operative societies. It is a limited liability association. It opens central warehouses in the different parts of the country. Commercial travellers are appointed for each district. It is not the society itself that produces, but its subordinate societies. The banking section occupies itself with the savings and the cash business of the distributive co-operative societies and serves as an intermediary and as a clearing house.

The Wholesale Purchase Society has a *Business Management* and a *Supervision Committee* as well as *annual and extraordinary meetings*.

The work of the society is assisted by the purchase unions already mentioned.

In table VII are given some figures which will give an idea of the progress made by the society between 1894 and 1913.

TABLE VII. — *Progress of the Wholesale Purchase Society.*

Year	Number of Societies	Number of Members	Total Business Done	Value of Goods Produced by the Societies	Goods	Furniture and Machinery	Real Estate	Own Capital of the Societies and Deposits made by Members and Others
			M.	M.	M.	M.	M.	M.
1903 . .	265	197	26,445,889	—	921,512	81,585	395,570	1,739,167
1913 . .	807	2,017	154,047,316	11,076,579	7,292,153	722,926	7,416,641	41,008,819

§ 3. THE DIRECT PURCHASES OF THE GERMAN DISTRIBUTIVE CO-OPERATIVE SOCIETIES AND OF THE GERMAN WHOLESALE PURCHASE SOCIETY FROM THE AGRICULTURAL CO-OPERATIVE SOCIETIES AND FROM FARMERS IN 1904 AND 1912.

It is a fact worthy of notice that on the part of the distributive co-operative societies there is a tendency to favour direct purchase from individual farmers rather than purchase through the agricultural co-operative societies. In 1904, as seen in Table VIII, the distributive co-operative societies purchased agricultural products to the value of 4,980,000 marks from the agricultural co-operative societies; while in 1912 the value of their purchases amounted to more than 8,000,000 marks, but, as the total business of the co-operative societies had increased from 147,000,000 marks to 423,000,000 marks, there was in reality a decrease of from 3.4% to 1.9% in the amount of direct purchase. From the farmers the co-operative societies purchased to the value of 2,500,000 marks, in 1904 and of 15,200,000 marks in 1912. There was then an absolute increase as well as an increase per cent from 1.7 to 3.6.

Only the large proprietors produce goods in sufficient quantity to be able to offer them directly to the distributive co-operative societies or to the wholesale purchase society. Owners of small and medium sized holdings have to give their produce over to a middleman; they do not take it to or fetch it from the co-operative societies. The development of agricultural societies for production and sale alone could restrict the sphere of action of the middle-men. But even in such branches of agricultural activity where these societies have developed (dairy industry and vineyard cultivation) they represent but a small fraction of the production.

The Wholesale Purchase Society, on the other hand, can apply directly to the production and sale co-operative societies and offer their produce directly to the distributive co-operative societies, and thus they need not have immediate dealings with the farmers or the agricultural co-operative societies.

The purchases of the Wholesale Purchase Society from the co-operative societies were larger in 1912 (notwithstanding a diminution in comparison with 1904) than those from the farmers, and in this it presented a contrast with the distributive co-operative societies.

In 1913, the activity of the Wholesale Purchase Society increased notably. While in 1912 its agricultural produce business amounted to 8,800,000 marks, of which 1,700,000 marks was done with the agricultural co-operative societies of the country, 1,400,000 marks with foreign co-operative societies, 990,000 marks with farmers and 4,800,000 marks with the wholesale trade, in 1913 the total was 11,100,000 marks, of which 2,400,000 marks was done with agricultural co-operative societies.

in Germany, 1,700,000 marks with foreign societies, 1,200,000 marks with farmers and 5,800,000 marks with the wholesale trade. Relatively it is with the wholesale trade its business has increased.

In general, the purchases made directly from the distributive co-operative societies belonging to the Federations, or through the medium of the Wholesale Purchase Society, vary in the case of certain products (butter, for example) of which the consumption is closely connected with the conditions of the workmen and these purchases are not large. They can, however, be considerably and systematically extended, especially where the trade is conducted on a large scale (cheese, eggs and potatoes). Where, on the other hand, production has to be promoted by establishing dairies, cheese factories, plantations and agricultural undertakings, rather than organising trade, a much slower rate of development is inevitable, and indeed advisable, in order that failures at the start may be supported and that sure progress may be made.

TABLE VIII. — *Direct Purchases from Agricultural Co-operative Societies and from Farmers.*

AUSTRALIA.

AGRICULTURAL CO-OPERATION IN SOUTH AUSTRALIA.

By T. E. YELLAND

Secretary to the South Australian Farmers' Co-operative Union, Ltd.

INTRODUCTION.

Australia, with its large area, stretching for thousands of miles from north to south and from east to west, and with its vast and varied resources and its small population — only a little over four millions — does not lend itself to co-operation in the same way as the smaller countries of Europe with their large and closely settled populations; and when we also bear in mind that co-operation, particularly amongst the farmers, is only of recent growth, Australian farmers can regard with some pride the progress which they have made in the co-operative movement.

In dealing with Australia, one has to bear in mind that everything is on a larger scale than in the older countries, and that the best use has not yet been made of the agricultural soils of this land. Farms are ~~large~~ varying in size from 1,000 to 5,000 acres, and often in some of the inferior districts much larger than this. This of course, refers to those farmers who confine their operations principally to wheat growing. The sheep-farmers and graziers in the interior of Australia count their land by thousands of square miles. The farms being large, co-operation of the type which existed in the earlier days of Australia is no longer possible.

Australian farmers have practically passed through one stage of co-operation and are now well advanced into the second. Both have been brought about by the necessity of the times. In the early days, with the old English ideas strong in their minds, the people selected small sections of land of not more than 80 acres, and with their small capital each purchased something towards working the farm, and then one lent to the other what the brother farmer did not possess. But as years went on, the fertility of the soil made many of these men independent. They

acquired larger properties, purchased the necessary machinery, and thus made the necessity for co-operation in its primary and simplest form a thing of the past ; and whilst no farmer would object to assist another in this old fashioned way in case of necessity, each man at the present time is working independently and has a complete outfit on his usually large and up-to-date farm.

§ 1. THE SOUTH AUSTRALIAN FARMERS' CO-OPERATIVE UNION.

The second stage of co-operation which is now being developed came into existence with the advent of the South Australian Farmers' Co-operative Union, Ltd., about twenty-five years ago, when a number of the States were experiencing some of the worst and most trying times that the farmers had gone through. While money had previously been fairly plentiful, these reverses made them look for other means of trying to reduce expenditure or else to make a little more on that which they had to sell. In South Australia, the central State of Australia, a farmers' association in the chief agricultural areas had advocated some scheme of combining with the express idea of protecting the farmers. Cornsacks, which are imported into Australia from Calcutta, were the first articles on which co-operation was tried. A small company was formed ; a number of orders taken for cornsacks ; and the purchases made in Calcutta. The result to the farmers was most gratifying. When the cornsacks arrived in the State, the merchants were distributing them at 7s. 6d. per dozen. The co-operative society found that they could sell at 6s. 6d. per dozen, and still leave a small margin. This they did amongst their own members, but it had this effect, that as soon as these sacks were distributed the whole of the cornsacks for the State were reduced below what the co-operative society could distribute theirs for. This led the farmers to reason that if they could influence the cornsack market (an important consideration for the farmers, as all their wheat has to be bagged, there being no shipping in bulk from these States) they might, in the same way, influence the market for other products which the farmers required or produced ; and so they started on the sale of wheat, which is the principal product of the farms.

Their idea was for a number of the farmers to put their wheat together and sell it in large quantities, say five or ten thousand bags at a time, the larger quantities invariably securing higher rates, and this amount could be distributed amongst the farmers thus selling. The result was most gratifying, but on every occasion they had to contend against the severest opposition from the wheat merchants.

As the various merchants are represented at each railway station and seaport throughout the State, and buy the wheat either as delivered in wagon loads by the farmers or on contract previously made, there are hundreds of these wheat agencies all over the wheat growing areas ; so for

co-operation to compete successfully it must have its representative at each principal centre. But at the start of co-operation some twenty-five years ago the growth necessarily had to be slow, and while the co-operators only opened at one station, each succeeding year saw a number of additional stations opened up, and it was most gratifying to the farmers to find that invariably wherever their own co-operative company opened, the price of wheat advanced at least 2d. per bushel (equal to one shilling and four pence per quarter) compared with what it had previously been, taking of course the basis of the selling price at the various ports.

To explain fully this subject, we wish to deal with the growth and working of the South Australian Farmers' Co-operative Union, Ltd., which is by far the largest and most complete society not only in South Australia but in the whole of the Australian continent and can therefore be taken as the best exponent of agricultural co-operation in the Commonwealth.

The two names that stand out most prominently in this company's first stages of development are those of Mr. Thomas Mitchell of Jamestown (who for twenty years was on the Board of Directors, eighteen of which he served as chairman) and Mr. John Pearce of Caltowie, who for fourteen years was a Director, the two first years being Chairman of Directors, and as Managing Director for a number of years helped very materially in the growth of co-operation in this State.

Jamestown, the centre of a large agricultural area, about 150 miles north of Adelaide, the capital of South Australia, was the scene of the first operations 25 years ago. With 103 members the start was made, as has been explained above. The growth, naturally, for the first few years was slow. The farmers had to contend against very great odds. Every business firm was against them, and whether they bought wheat, imported cornsacks or machinery, or made a move in the direction of furnishing general farm supplies, they had to compete with each individual merchant who dealt in these lines, with the result that they were invariably undersold, and in some instances the Directors and a few of the most loyal supporters had to take over the stocks which had been purchased for sale among the farmers generally, but such treatment only stimulated those early pioneers in the movement to greater efforts, because it showed what could be done by the united action of the farmers themselves. Farmers generally are a kindhearted, hospitable class of people, but it is difficult to get them to work together even for their own benefit, and although they could in the early stages see the advantages which were to be had from co-operation, they did not seem to have the confidence either in themselves or in the pioneers to come into the business with the heartiness that one would expect them to show under the conditions. To make matters worse, the extreme opposition of the wheat merchants and the inexperience of the farmers themselves in doing their own business, led to certain losses in the early history of the company which considerably hampered its operations; and just when success appeared to be looming over the horizon, one of the agents handling a large quantity of wheat swindled the company heavily, thus losing a considerable amount of the already small

capital. Despite these facts, the grit and energy which is a dominant feature of the farmers of Australia, served its good purpose not only in holding the farmers together but in making further efforts to subscribe additional capital, and the appointment of officers who had more business training than the farmers themselves. Thus at the end of 8 years' pioneer work, the head office was removed to Adelaide, and a number of wheat agencies has been established in the chief centres of the north. Other lines of business, such as the importation of manures, the handling of the farmers' wool and skins, and the purchase of all their Supplies, soon became the policy of the Union, and within a few years the general business community realised that co-operation amongst the farmers had come to stay, and instead of being an obstacle to the movement they worked as harmoniously as it was possible for business opponents to do. Four years after their arrival in the city, freehold property in a prominent position was secured; thus firmly established, co-operation has advanced ever since, and to-day the company is recognised as one of the, if not the, largest wheat selling agencies in this State, and on a number of wheat seasons it has been the largest shippers of wheat. It does not matter what a farmer produces or what he requires, it can be sold or supplied by his own company. Oats, barley, and hay, are disposed of either in the local or inter-state market. There are auction sales of wool in the season; skin and hide sales are held weekly; stock of all descriptions are sold at the local abattoirs at their various sales; auction and clearing out sales are conducted in various parts of the State, and the requirements of the farmers are catered for by the importation of cornsacks, merchandise and hardware of all descriptions, and machinery, including engines. Australia of course being a protected country, much of the machinery used amongst the farmers is manufactured locally, and although the company is not a manufacturer they represent, as agents, many of the principal manufactures in the Commonwealth.

For the purpose of carrying on the various lines of business, large freehold properties have been acquired in Adelaide. Adjoining the offices are machinery and merchandise stores, and a garage for motor cars, and in another part of the city there is a large grain and skin store. At Port Adelaide, the chief port of the State, there are large machinery stores and also leasehold properties, with some 700 ft. of wharf frontage, where wheat, machinery, and other goods, are stored, and where wool in season is displayed for sale. In quite a number of places in the country centres machinery and merchandise depots have been established. One general store exists, and a large building is now being erected in the South Eastern portion of the State to cope with the growing trade in that district. In addition to these, for the purpose of storing wheat, about forty sheds have been erected where the wheat which is stored by the farmers with the company is held during the winter months.

The management is vested in seven Directors, who are elected by the shareholders, and represent the various interests, particularly that of farming, and the general business is divided into Departments with a Manager

for each branch. A monthly paper called *The Farm* is issued to the shareholders free, containing full reports of meetings, balance sheets, and all matters of interest dealing with co-operation generally. Space is given in this to what co-operation is doing in other parts of the world, thus keeping our farmers in touch with the movement generally.

The company has a membership of about 6,000 farmers, being nearly half the farmers in this State, and although worked and registered under the Companies Act, the principle under which the company is worked is purely co-operative, in so far that no farmer is excluded from becoming a member and participating in its benefits, and the profits of the business, instead of as in the ordinary limited company going into the pockets of a few large and wealthy shareholders, are distributed amongst the men who have created the profits, in the shape of dividends and bonuses, after making provision for reserve fund. So far, however, the company has only been built up, and bonuses have not been available, although dividends are usually paid. Whilst there is no limit as to the number of shares any one farmer can hold, when it is pointed out that of the 6,000 shareholders, about 70,000 shares have been allotted, and that the minimum number one farmer can hold is ten, it will clearly show that the shares are fairly evenly distributed amongst the members. To regulate the influence, the voting power is on a sliding scale so that any two farmers holding twenty shares each could out-vote the largest shareholder in the company. As a matter of fact not more than a dozen shareholders have one hundred or more shares and the largest is about two hundred and fifty. There is provision for all farmers to become members of the company, because any can join by paying down 2s. as application and allotment fee on their ten shares, and the balance in calls extending over about five or six years. This brings it within the reach of every farmer to become a member. The shares are transferable, but great care is taken in the transfer, and proof must be given of the reason for the transfer. Shares are not acquired or bought back by the company from shareholders.

Three forms of co-operation --- production, consumption and credit --- have all been combined in the operations of the company, for the farmers, not only sell through it all that they produce, but they buy from it their supplies, and at the same time it serves as a banking institution for the purpose of financing and assisting the farmers. In this branch of the business large amounts are deposited by the farmers, and this money is again returned to farmers who require it for carrying on their farming operations, and in assisting them in the purchase of their supplies. Farmers also open current accounts through this branch, deposit money, and draw on it with the ordinary bank cheque, and treat the company as their banking institution. To encourage this business, interest is paid for any money that is standing to the credit of the client.

To cope with the large business, Mr. Clement Giles, of 15 Leadenhall Street, E. C., who has had a large experience in the company, was appointed London representative some years back, and all wheat is shipped and sold through him on the London market.

The South Australian Farmers' Co-operative Union, Ltd., therefore represents in a practical form the basis of agricultural co-operation not only in South Australia, the State where co-operation first developed its activities, but it has laid a foundation upon which the co-operative societies which have recently sprung into existence in the other States are building. Its aims and objects are purely co-operative, and it has conferred innumerable benefits upon the farmers generally.

2. THE EUDUNDA FARMERS' CO-OPERATIVE UNION.

As might be expected, the farmers concentrating their efforts into one large and successful movement, the smaller local co-operative societies, which in the present day are continually springing into operation, have not existed in South Australia, simply because the farmers realise that in their own company they have all that they require to protect their interests, and that to form smaller and necessarily weaker societies in the co-operative movement is to hamper and hinder the cause of co-operation, as it must necessarily mean the fighting of one small society against another, instead of a combination of all the efforts in one direction.

Outside, therefore, of this large company, there is only one other society, namely, The Eudunda Farmers' Co-operative Union, which has existed amongst the producers, and this was brought into operation in one of the up-country stations from which the society takes its name, about eighteen years ago. A few farmers who had been supplying firewood from off their property to the city market were not satisfied with the result, so they decided to appoint someone to look after their joint interests, authorising him to purchase on their account their household requirements, and to take in exchange firewood, etc. This proved very satisfactory, because by combining they were able to command better prices for the commodities they had to sell, and at the same time were able to purchase their supplies at a cheaper rate, so that in the short space of four years they were able to show about £500 profit after paying all expenses. Later on they extended their operations along the railway line, and were able to dispose of more of the farmers' products at satisfactory prices. They have continued this safe line of business, selling for cash, or else taking produce from the farmers in exchange for supplies, and have opened up a number of agencies throughout the State and at each centre they have either leased or built a store which has formed the centre of operations for that district. They have fifteen of these at the present time, and also one trading steamer on the River Murray, which covers a very large district. They have over 2,500 members, and their share capital is £31,000, with a reserve fund of £3,360. They usually declare a bonus of about 5 per cent. on purchases made during the year, and 5 per cent. interest on capital. The grain trade being by far the largest

in this State, and being handled by most companies dealing with the farmers, has only been touched very lightly by this co-operative society. The trade has a speculative element in it which does not find favour with the Directors of the Eudunda Company, and they have very wisely discarded it for the future, but they are working carefully and economically, and have a decided influence for good in the localities where they exist.

§ 3. CO-OPERATIVE DAIRYING AND FRUIT-DRYING.

South Australia cannot be considered a great dairying country. There are some splendid centres well adapted for this purpose, and at these some years ago a number of small co-operative dairies existed, where the producers supplied these co-operative butter factories with milk. With few exceptions, these have not proved the success which was anticipated. First because of the large farms and the long distances which milk had to be carted, and secondly, because of the coming into use of cheaper and more economical hand separators which enabled the small dairies to separate their milk and forward their cream to the centres of population where the larger private factories were able to compete with better results against these smaller co-operative societies. So that, anywhere within the radius of 100 miles of Adelaide, the co-operative dairies have ceased to exist.

In the South East district, about three hundred miles from Adelaide, several very profitable co-operative butter and cheese factories are in operation. The conditions are somewhat similar to England, — small fields sown with all the best English grasses, — so that a large number of cows can be kept on a fairly small area. The milk is supplied by the producer to the factory, and the price paid to the producer is worked out on the price which the cheese or the butter realises. Thus the farmers obtain the actual price of their joint product, less of course the cost of the general working of the business. If at the end of the year there is any surplus, a bonus is then paid to the producers in accordance with the amount of milk which they have delivered. A dividend is paid on the capital provided, usually at the rate of 5 per cent. Some of the companies adopt the system all shareholders must be suppliers, and should they supply to any other factory, they forfeit their shares in the company.

A very strong co-operative movement has been started among the fruit growers in the matter of establishing dried fruit factories and the grading of practically all the dried fruit produced in the State. They have several centres in which these factories exist, and the fruit is all graded to different qualities and sold accordingly. It has had the effect of raising the standard, and marketing the fruit in a much better and more even condition than was previously done, and it has brought the production before the public more prominently.

CONCLUSION.

The question is often asked, What are the benefits of co-operation? A few of the direct advantages gained will answer that question. Besides those already mentioned, and in addition to the advantage in price of wheat, co-operation has had a regulating influence upon fixing the price of wheat on a systematic basis in accordance with the values which are received in the foreign markets, and the farmers are assured that the prices quoted for their wheat are always the legitimate market rates of the day. In machinery, through their own company importing, prices were reduced to a level leaving a legitimate margin only for profit, and in the importation of super-phosphates the Farmers' Union was the first to reduce rates and bring the price within a reasonable distance of the purchasing price of the outside market.

As previously mentioned, co-operation is only in its infancy in Australia. There are many other agricultural lines which could be extended under the principles of co-operation, and which will develop as the State becomes more thickly populated. Producers as a whole are a conservative class of people, and they would rather endure hardships than disclose their business to anyone else. Co-operation is a matter of education, and it is only by showing the producers what is done in other parts of the world and convincing them that those advantages can be extended to their own special need, that they can be induced to unite for the purpose of assisting one another. The future is before us; the possibilities of Australia are great; and it is co-operation which will aid very materially in making the best of our opportunities. As mentioned in the early part of this article, Australia does not lend itself to co-operation to the same extent as other parts of the world, but still the spirit of co-operation is growing, and the farmers are taking more interest in the movement, and, as the Societies develop, the outcome will be a national co-operative movement throughout the whole of the Commonwealth, which will bring all the producers into line; and instead of each State or Society having its own representative in England, there will be one chief Commonwealth establishment which will represent the whole of the Australian producers. This will mean cheaper handling, a more even and regular supply, and a central distributing agency where buyers can rely upon obtaining pure Australian products.

UNITED STATES.

MISCELLANEOUS NEWS.

1. — **THE CALIFORNIA FRUIT GROWERS' EXCHANGE.** — The report of the California Fruit Growers' Exchange for the year ending August 31st, 1914, shows that the total sales for the year amounted to 11,262,000 boxes of fruit, exceeding by 3.8 per cent. the sales of any previous year and representing 61 per cent. of the California crop of citrus fruit. For this fruit sold through the Exchange the growers received \$ 19,246,000, or an average return of \$ 1.71 per box.

The General Manager claims that the selling costs in the case of fruit dealt with by the Exchange are lower proportionately than in the case of any other agricultural product in any part of the world. The actual working expenses of the Exchange organisation, including office expenses, salaries, legal expenses, the cost of the daily telegraphic service and a share of the expenses of the Citrus Protective League, amounted to $4 \frac{1}{4}$ cents per box, or $1 \frac{3}{5}$ per cent. of the gross sales. To this must be added $1 \frac{1}{4}$ cents per box spent by the Exchange in advertising the products which it sells, although, as is pointed out by the General Manager in his report, this expense is to a large extent an investment made to ensure the sale of future crops. But even if the whole of this amount be added to the ~~working~~ expenses the selling costs per box amounted only to $5 \frac{3}{4}$ cents, and the total selling costs to $2 \frac{1}{5}$ per cent. of the gross sales.

These figures relate to the working expenses of the Central Exchange and the seventy agencies maintained by it. They do not include the expenses of the District Exchanges, which act as intermediary organisations between the growers and the Central Exchange. The average cost of maintaining the District Exchanges amounts to less than one cent per box.

During the year 1913-14, the members of the Exchange purchased through the Fruit Growers' Supply Company — an association which, though it has a separate organisation, is in effect a branch of the Exchange — packing material, fertilisers, fungicides, heaters, oil and sundry orchard supplies to the amount of \$ 3,319,000, an amount which represents an increase of 50 per cent. upon the business done in any previous year.

The season 1912-13, owing to a severe frost, was a disastrous one for the citrus-fruit industry in California, and in that season the Exchange

sold only, in round numbers, 5,000,000 boxes of fruit, after having made arrangements at the beginning of the season for the disposal of an estimated crop of 13,000,000 boxes. It is a tribute to the excellence of the Exchange methods that the industry has recovered so quickly from the misfortunes of the past year and the growers have remained faithful to the association. The Exchange may fairly claim that it has placed the growing of citrus fruits, in California at least, upon a sound paying basis. The element of speculation and uncertainty has practically been eliminated from the industry, with advantage both to the growers and to the consuming public.

The Directors of the Exchange are faced with the need of finding new markets for their fruit, or increasing the demand in existing markets. By regulating the shipments from California in such a way that each market is supplied strictly according to its needs, the Exchange ensures that consumers in every part of the country have a constant supply of fruit of good quality at reasonable prices. This alone increases the demand, and the *per capita* consumption of oranges and lemons in the United States has in fact increased enormously during the last ten years. But a still greater increase must take place if California growers are to find an outlet for their rapidly increasing production, and the California Fruit Growers' Exchange carries on an active advertising campaign with the object of popularising the consumption of oranges and lemons by making known their valuable food properties and instructing the public in the many different methods of preparing them. Unless by some such means the demand can be made to keep pace with the increased production due to the fact that young groves are now reaching the bearing stage, the stability of the whole industry will be seriously threatened by the fall in prices which must inevitably result from an overabundant supply.

The Exchange seems to have secured the support of a large number of the growers, and with its past record of success achieved under trying and difficult circumstances should be able to face the future, and the problems which the future may bring, with complete confidence.

* * *

2. — THE CALIFORNIA ASSOCIATED RAISIN COMPANY. — Many unsuccessful, or but partially successful, attempts have been made from time to time in the past to organise the growers of muscatel raisin grapes into a co-operative selling association. The *California Raisin Growers' Association*, formed in 1898, succeeded in holding the growers together for six years, but was dissolved in 1904. Another organisation — the *California Raisin Growers' Company* — was formed in 1905 and was dissolved a year later. Finally, the present association came into existence on April 1st, 1913, as the *California Associated Raisin Company*.

The company has a paid up share capital of \$ 1,000,000 held by growers, packers, bankers and business men in the raisin-growing district of which the town of Fresno is the centre. Its principal business consists in buying raisins from the growers and selling to the packers. It began business at a moment when the market was in a most depressed state. The raisin crop of 1912 was the largest ever grown in California and when the Associated Raisin Company was formed some 30,000 tons of this crop were still in the hands of the growers, unsold. With the capital it had in hand the company bought the bulk of these raisins at a fair price and disposed of them gradually to the dealers and packers, who in a very short time acquired confidence in the power of the company to keep prices steady, and began to buy freely. The whole market was reanimated, and the company without any difficulty sold the part of the crop remaining from 1912 and the whole of the 1913 crop as well. It was certainly a fortunate circumstance that the latter crop was a short one, amounting to only 70,000 tons, or 10,000 tons less than the normal crop and 40,000 ton less than the abnormally heavy crop of the preceding year. Helped by this circumstance the prices secured by the company averaged \$ 70 a ton as against \$ 40 a ton which was the price which the growers were receiving at the beginning of 1913.

At the latter price the growers were not receiving even a living wage in return for their labour. Between four and five thousand growers consign their crop to the Associated Raisin Company, the average individual holding being rather less than 20 acres, so that the rise in prices has brought prosperity to a very large number of hard-working farmers and their families. The small size of the single holdings precludes the idea of making a large fortune out of growing muscatel grapes, but instead of losing money after a year of hard work the grower is now in a position to make a profit of from twenty to twenty-five dollars an acre.

It is worth noting that this result is due, not to any improvement in the quality of the product or to any restriction upon the supply, but solely to the fact that the company, controlling 90 per cent. of the total output, has been able to keep prices stable. The market in past years had been ruined, not by low prices or by high prices, but by fluctuating prices. With prices changing almost from day to day the wholesale dealers refused to buy on their own account, and bought only the small amounts that were ordered by the retail dealers. The retail dealers made no attempt to increase their sales, as they knew that a fall in prices in the wholesale market, after they had made their purchases, might at any moment leave them with an unsaleable stock on hand. The action of the Associated Raisin Company in keeping prices reasonably stable has made it possible for large and small dealers to keep considerable stocks on hand, with the result that they have had every inducement to promote sales and the *per capita* consumption of raisins in the United States has increased greatly in the last few years. It is still very low compared with the consumption in England, and with the object of increasing it, and thus creating a market

for the increased supply, the company is carrying on an active advertising campaign.

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3.—THE FORTY-EIGHTH ANNUAL SESSION OF THE NATIONAL GRANGE.—The forty-eighth annual session of the National Grange—the central directing body of the Order of Patrons of Husbandry—was held at Wilmington, Delaware, from November 11th to 20th, 1914.

The figures submitted to the delegates by the National Treasurer show that the financial position of the Order is excellent. The invested funds, together with accrued interest, amount to \$ 77,240, and the cash balance in hand at the end of the year after paying all expenses to \$ 22,750, thus bringing up the total assets to \$ 99,990. The receipts consist chiefly of the regular contributions paid to the National Grange by the State Granges in proportion to their membership, and it is interesting, as indicating the strength of the Order in the different States, to examine the amounts thus paid. The State of New York heads the list with \$ 5,434; Pennsylvania stands second with \$ 3,672; Maine third with \$ 3,495; Michigan fourth with \$ 2,448; and then follow, in order of importance, Ohio, New Hampshire, Massachusetts and Vermont, each of which paid in dues to the central treasury more than one thousand dollars; and Kansas, Washington, Connecticut, and New Jersey, each of which contributed more than five hundred dollars.

The *National Grange Monthly*—the Grange official publication—in the number for November, 1914, give a list of 32 States in which State Granges exist; but no figures are presented as to the total number of members in the Order. During the past few years the Grange has been carrying on an active extension propaganda, and during the year ending October 31st, 1914, the sum of \$ 12,000 was devoted to extension work. The financial policy for the future, as decided upon at the annual session, is to raise the permanent investment fund as quickly as possible to \$ 100,000, maintain it constantly at that level, and devote any further surplus of income over expenditure to the work of propaganda.

The reports submitted at the session by the delegates from the various States show that the Grange remains faithful to the ideals of social and educational progress which have inspired it since its foundation nearly sixty years ago, while it continues to hold a watching brief for the farmers in political discussions both in the State legislatures and in Congress. The reports show the Grange working in association with the State Agricultural Colleges, the Federal Department of Agriculture, and with other farmers' organisations, for the promotion of agricultural education, for the extension of the rural postal system, for the construction of better roads, for the conservation of the country's natural resources, and for the formation of farmer's co-operative societies.

In the matter of co-operation the Grange is proceeding with commendable caution. There are still within the Order many of the older generation of farmers who remember very clearly the disasters which overtook the co-operative enterprises launched by the Grange in the early years of its existence; and they naturally counsel prudence. In a tentative way the Grange farmers are once more combining with the object of buying and selling co-operatively, but the attempts are all upon a modest scale and nothing but the simplest and safest forms of collective purchase and sale have so far been undertaken, while some progress has been made in the formation of farmer's mutual fire insurance associations.

One recent development of the educational work of the Grange is of particular interest. This is a scheme for the provision of loans at very low rates of interest to deserving students who have not the necessary means for continuing their education in an agricultural or normal college. A certain sum of money is usually set apart out of the funds of the State Grange, and approved students may borrow up to the amount so set aside. In some cases the amount is paid over at once to the treasurer of the State Agricultural College to be administered by him at his own discretion. In some cases, again, — in Missouri, for instance — the loan fund has been raised by public subscription and is administered by the Grange. The whole movement is still on a very small scale but its usefulness is already beyond dispute. It is in keeping with the best traditions of the Grange work on behalf of progress in education, and there is every probability that it will become increasingly popular.

In every State in which it is represented the Grange lends its active support to the movement for the provision of good roads in the rural districts; but its support is qualified by its uncompromising opposition to any borrowing by the State for carrying out road construction work. It is not difficult to understand this attitude on the part of the Grangers who are consistent opponents of credit transactions of any kind, and who naturally wish to apply the same principle of prompt cash payment to public business; though it might be urged that the cost of constructing permanent roads is really an extraordinary expense which ought in fairness to be charged to capital and should not fall wholly upon income. There can be no injustice in throwing upon future generations a part of the cost of improvements of which they, as well as the present generation, will reap the benefit.

The Grange in its annual session usually discusses and votes upon current political and social questions whether directly affecting agriculture or not. Thus in the Wilmington session formal resolutions were passed in favour of woman's suffrage and of government ownership of telegraph and telephone lines, and against shipping subsidies, unrestricted immigration, and unnecessary expense in connection with the election of public officials. The Order claims with justice to be the most important farmers' organisation in the United States, and the resolutions passed in the annual session are of considerable interest as indicating the trend of opinion

among the farmers who, in spite of America's rapid industrial development, still form the most important group of workers in the community.

* * *

4. — LOUISIANA SWINE BREEDERS' ASSOCIATION. — The Louisiana Swine Breeders' Association founded on January 8th, 1913, at the Farmers' Demonstration Conference held at Baton Rouge under the auspices of the State University, has grown into a strong organisation with more than a hundred active members and nearly twelve hundred affiliated members. The active members are breeders of pure-bred stock, or farmers who raise pigs for the market; while among the so-called affiliated members are included country bankers, teachers of agriculture, commission dealers, packers and other persons interested in increasing and improving the live stock of the State.

From the breeders' point of view the Association offers the best means of getting into touch with farmers who wish to buy pure-bred pigs for the purpose of improving the quality of the stock they are breeding for the central markets. The farmers look to the Association to assist them in obtaining better marketing facilities and better protection for their stock from contagious diseases and animal pests. The bankers lend their support because they are convinced that the future prosperity of Louisiana, and of the whole of the South, depends very largely upon the introduction of diversified farming, which implies, necessarily, a very great increase in the number of head of live stock of all kinds on Southern farms.

According to an article in the *Rice Journal and Southern Farmer* the Association needs in the first place to devote its energies to stamping out hog cholera in Louisiana. The measures already undertaken by the State Live Stock Sanitary Board have yielded excellent results but have been quite inadequate in view of the vast extent of territory affected and the rapid increase in the number of pigs in the State. The Association insists that the annual appropriation for the work of the Sanitary Board shall be increased to an amount commensurate with the task upon which the Board is engaged.

The work of providing transport and selling facilities is undertaken by a special committee — the Shipping and Marketing Committee — of the Association, assisted or at least advised by members of the staff of the State University. The Committee has begun its work by organising regular shipments of pigs in carload lots, combining the small consignments of individual farmers in one locality into a single consignment of about a hundred head, and despatching such a consignment to the central markets at regular intervals. The method is one which has already yielded excellent results in the North Central States where live stock shippers' associations are numerous. By adopting it the farmers effect a very consider-

able saving in freight and the numerous incidental charges (for loading, weighing, feeding and watering stock on long journeys, etc.) which make up the total cost of transport, while at the same time they receive more consideration from the commission dealers to whom they consign their stock, who are apt to pay but little attention to the small consignments of the individual farmer, but who are usually anxious to secure the business of an association in a position to send large consignments to market regularly.

A gratifying feature of the work of the Association is its close connection with the agricultural extension work of the Louisiana State University. Southern farmers upon the whole understand but little of the art of breeding and caring for live stock, yet if farming in the South is to be raised from the level of a speculative occupation to that of a sound, remunerative industry, it is essential that they should turn their attention to this branch of agriculture. In spreading throughout the State the necessary knowledge of scientific breeding and feeding, the Association and the University can be mutually most helpful.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

AUSTRIA.

MANUALE DEL COOPERATORE. Raccolta di istruzioni per consorzi cooperativi (*Co-operator's Manual. Instructions for Co-operative Consortiums*). Published by direction of the Federazione dei Consorzi cooperativi per la parte italiana della provincia di Trento. Trent, 1914. Press of the Trent Diocesan Committee. 486 pages.

The Federal Council of the Rural Banks and Co-operative Associations of Trent decided, at its meeting of February 23rd, 1912, to publish a series of practical manuals for the assistance of co-operators in the administration and management of the numerous credit, distributive and production co-operative societies that have arisen in the district of Trent. The compilation of these manuals has been entrusted to Signor G. Margoni, who has now published the first, which contains a collection of general instructions necessary for those engaged in co-operative work. The volume consists of 56 chapters, to which is added an Appendix.

It is arranged on a very useful practical system and supplies a great need; in fact the lack of a book of this character, a safe guide in all branches of the administration and book keeping of the economic consortiums had been felt in the district of Trent, where co-operation has become firmly rooted. After giving a clear definition of the co-operative idea and the classes into which co-operation may be divided, the volume goes on to treat of the constitution of the co-operative consortiums, the registration of these consortiums in the proper books, the submission of the Rules to the *Capitanato*, the registration of any alterations in the rules and new members of the boards of management, collective registration in the registers of consortiums, inspection of the co-operative consortiums, the registers, the members, withdrawals from co-operative consortiums, transfers of shares, remuneration of officers, internal regulations, industrial taxation of co-operative consortiums, direct taxes, the whole body of the members of the co-operative societies, sale on credit to third parties, articles offered for sale and taxes and customs dues to which they are subject, insurance against fire, sickness and accidents for the staff in the service of the co-operative associations, rural loan and savings banks, income tax, the facil-

ties accorded by law to the rural loan and savings banks and many other subjects connected with the administration and book keeping of these consortiums; organization of co-operation in the Trent district, insurance of pensions for private employees, dairy societies, wine societies, bills of exchange, cheques, money, weights and measures; the last chapter, finally, gives model rules for co-operative consortiums.

The book concludes with an appendix containing twelve laws relating to or directly affecting co-operation in Austria.

We may say that nothing is lacking in this volume that could be of practical use to the managers and staff of co-operative societies; it is therefore certain that it will be read widely in Austrian co-operative circles generally and especially in those of Trent, for which it is intended.

JAHRESBERICHT ÜBER DEN STAND DER MILCHWIRTSCHAFT IN DEN IM REICHSRÄTE VERTRE-
TENEN KÖNIGREICHEN UND LÄNDERN ZU ENDE 1912. Nach amtlichen Quellen zusam-
men-
gestellt im K. K. Ackerbauministerium. (*Report on the Dairy Industry in the Kingdoms and Countries represented in the Imperial Parliament. Compiled from Official Information in the Department of Agriculture*). Vienna, 1914. K. K. Hof- und Staatsdruckerei, 8vo,
232 pages.

The above report consists of two parts: the first contains a summary of the situation of the dairy industry in the various provinces, except Carniola, Salzburg and Vorarlberg, for the Year 1912; the second gives statistics of the dairies working in 1912, those only being considered that treat 50,000 kilogrammes of milk a year, or, in the case of the accounts being made out for periods of less than a year, an average of 150 kg. per day.

This second part which is concerned with the statistics is in its turn subdivided into three large parts: the first giving statistics of the schools and institutes interested in the industry, and the figures showing their respective dairy production; the second containing statistics of the co-operative societies, both registered and independent, that is to say dairy societies (*Molkereigenossenschaften*) and Alpine Dairies (*Alpensennereien*): The principal figures given relate to the number of dairies, the mode of working (whether by means of hydraulic power, electricity, steam, gas, benzine, by hand etc.), the number of members, the number of shares, the length of the working period, the quantity of milk received, sold or treated, the production etc.

The third subdivision contains statistics of private dairies giving the same particulars as in the case of the dairy societies, except, of course, those concerning the constitution of dairy societies on a co-operative basis.

The work is of great importance for an appreciation of the great progress made in Austria by the dairy industry and above all as showing the progress made by the co-operative idea in this branch of the national economy; in spite of the fact that much of the information given in the Report is not the very latest.

We shall return to the subject hereafter.

BRITISH INDIA.

ANNUAL REPORT (FOR THE YEAR 1913-14) ON THE WORKING OF CO-OPERATIVE SOCIETIES IN:
(1) BOMBAY PRESIDENCY INCLUDING SIND; (2) COORG; (3) ASSAM. Government Publications. 1914.

In these three provinces of British India the co-operative movement has continued to make very satisfactory progress during the year 1913-14. The increase in the number of societies, the number of members and the amount of working capital may be shown in tabular form, thus:

	Bombay Presidency.	Coorg.	Assam.
<i>Societies.</i>			
1912-13	515	22	188
1913-14	698	22	249
<i>Members.</i>			
1912-13	46,221	2,320	10,945
1913-14	66,704	2,440	13,629
<i>Working Capital.</i>			
1912-13	Rs. 48,47,763	Rs. 91,434	Rs. 5,56,098
1913-14	66,13,135	1,06,020	6,84,805

In the report on the working of societies in the Bombay Presidency the references to the Central Co-operative Bank are of particular interest. The Bank was founded in 1911 to provide a strong central credit institute for co-operative societies throughout the Presidency. That it has fulfilled this function well may be concluded from the fact that during the year under review, in spite of a grave financial crisis which drove many joint-stock banks into bankruptcy, the Central Co-operative Bank was never forced to stop or curtail its lending business or raise its rates. At no time was it in the slightest danger and its position seems now as strong as ever. It is worth noting that the number of shareholders has slightly declined during the year, and that for the first time a number of registered societies have become shareholders.

The majority of the co-operative societies in British India are agricultural credit societies each comprising about 40 members and doing business on a very modest scale. The opinion of the Registrar in Bombay upon the working of the agricultural credit societies in the Presidency is somewhat

significant. He says: "Of the 568 agricultural societies now existing I estimate that about 150 are excellently managed and about 250 more are in a sound and satisfactory condition. The remainder are crippled by defects which may be ascribed, not to the system upon which they work, but to their failure to adhere to that system faithfully".

The most interesting part of the co-operative movement in the small province of Coorg is the formation of mutual cattle insurance societies. There are now 9 of these societies insuring 558 head of cattle for a total value of Rs. 6,212.

In Assam, in addition to credit societies, there are several weavers' societies, one co-operative distributive store — the management of which is, in the opinion of the Registrar, not yet satisfactory — and one co-operative dairy which was not registered until March, 1914, and about which, therefore, it is too early yet to speak.

The reports contain tabular statements in detail of the progress and financial position of the societies of each type (Central, Agricultural and Non-agricultural), including statements relating to Central Societies and Agricultural Societies which are specially prepared each year for the use of the International Institute of Agriculture.

SWITZERLAND.

XI. JAHRESBERICHT DES SCHWEIZERISCHEN RAIFFEISENVERBANDES (Eingetr. Genossenschaft mit beschränkter Haftpflicht) über das Jahr 1913. (*Eleventh Report of the Federation of Swiss Raiffeisen Banks [Registered Consortium, Limited] for the Year 1913*) Frauenfeld, 1914. Buchdruckerei F. Müller, 8vo.

The annual report of the Federation of Swiss Raiffeisen Banks at once in its preface reveals the insufficient organization of co-operative credit, in Switzerland. And, indeed, in spite of the progress made by the Swiss rural banks in recent years, they are not yet firmly enough established to succeed in satisfying the requirements of Swiss agriculture. There are in Switzerland, as the report we are summarising shows, whole regions where there are no institutes of the kind; elsewhere again they are insufficient in number and lack vitality.

The statistics for 1913 were as follows:

Number of Banks	165
Number of Members	11,507
Total Business Done	Fr. 50,220,170.25
Total Debits and Credits	" 27,444,310.81
Number of Depositors	29,549
Savings Deposits	Fr. 12,832,339.90
Reserve Fund	" 474,880.74

A glance at the statistics of the Raiffeisen Banks for the period 1903-1913, however, at once shows the progress made by the co-operative idea as applied to agricultural credit; we may indeed say that in 1903 agricultural co-operative credit was only at its commencement in Switzerland, where there were only 25 banks with 1,740 members, a total business of 6,000,000, francs, debits and credits amounting altogether to 1,765,000 frs., 2,323 depositors, about 500,000 frs. deposited and not more than 10,500 frs. in the reserve funds. The progress, therefore, since 1903 has been very great, in spite of bad seasons, financial disasters, a scarcity of money and a fall in price of certain agricultural products (the price of milk, for example, fell between three and five centimes the litre), preventing an even more considerable development of this class of credit institutes. The Raiffeisen banks, however, had not to suffer to the same extent as the other credit institutes from this state of things; it must also be noted that their financial situation went on improving even during 1913, so that it may be expected that they will make even greater progress and attain an even greater independence of the other credit institutes. When they have become quite independent of other banks they may be made entirely dependent on the Federation even in financial matters, which is one of the surest conditions for the solidity of co-operative credit institutes.



Part II: Insurance and Thrift

BELGIUM.

BELGIAN UNEMPLOYMENT BENEFIT SOCIETIES.

OFFICIAL SOURCES:

LES BOURSES DU TRAVAIL EN 1913 (*Labour Exchanges in 1913*). *Revue du Travail*, published by the Belgian Labour Office, No. 11, Brussels, June 15th., 1914.

RAPPORT RELATIF A L'EXÉCUTION DE LA LOI DU 31 MARS 1898 SUR LES UNIONS PROFESSIONNELLES PENDANT LES ANNÉES 1908-1910 (*Report on the Application of the Law of March 31st., 1898 on Professional Unions in the Years 1908-10*), presented to the Legislative Chambers by the Minister of Industry and Labour. Social Insurance and Thrift Office. Brussels, Dewit, 1914.

DIE ARBEITSLOSENVERSICHERUNG IM IN- AND AUSLAND. (*Insurance against Unemployment in Germany and Abroad*). Publications of the Imperial Statistical Office. Labour Statistics Division. Supplement to the Reichs-Arbeitsblatt. Berlin, no. 12. December, 1913.

ASSOCIATION INTERNATIONALE POUR LA LUTTE CONTRE LE CHÔMAGE. Rapport relatif à l'activité de l'Association pendant les années 1910-1913 (*International Association on Unemployment. Report on its Work in the Years 1910-1913*). In: *Bollettino dell'Ufficio Italiano del Lavoro*. Rome, no. 16. August 16th., 1914.

OTHER SOURCES:

VERMEERSCH (A.) and MULLER (A.): *La législation et les œuvres en Belgique (Legislation and Social Institutions in Belgium)*. Paris. Alcan, 1909.

Among the social economic institutions of Belgium, those making provision against unemployment are among the most interesting and characteristic. In this field, indeed, Belgium has served as an example to many other countries, that have imitated its institutions, adapting them to meet their own requirements. It is well therefore to examine the manner in which the relief of the unemployed is organized.

§ I. UNEMPLOYMENT BENEFIT SOCIETIES OF THE LABOURERS' ORGANIZATIONS.

In a former number of this Bulletin (1), we dealt with the professional Unions of Belgium and saw that those formed of workmen occupy themselves principally with the study of the means for relieving the unemployed. Some of them have founded for the purpose *unemployment benefit societies* among their own members, for the purpose of granting subsidies to members unemployed owing to circumstances independent of their own will.

Although the lack of statistics that might render it possible to calculate the average unemployment in the various provinces, together with certain economic facts that complicate the problem, make it difficult to estimate the risk, still some results have been attained.

As in fact appears from a report presented in 1914 in the Belgian Parliament by the Minister of Industry and Labour (2), out of 512 workmen's unions legally existing at the end of 1910, 190 had unemployment funds and 84 of these had collected during the year from their own members (7,106), 25,279.70 frs. in special contributions for the unemployed, an average of 300.94 frs. per union and 3.55 frs. per member.

From the above report we see besides that last year the unions giving compensation for compulsory unemployment were 275, and the amount given was altogether 76,210.65 frs. (or an average 277.12 frs. per union). It is evident from the above that the unions do not collect from their members the whole amount of these special contributions towards the subsidies they give, and they have instead to utilise for the purpose the ordinary funds of the syndicate bank.

The number of days of unemployment for which compensation was given amounted altogether in 1910 to 55,517 and the number of workmen assisted to 5,446. Every workman was on an average assisted for 10 days with an amount of 13.88 francs.

The organization of these banks varies greatly and the same may be said of the principles on which they work. Owing to want of sufficient experience, the relation between the contributions and the compensations given has up to the present been settled in a rather empirical fashion. And provision is only made for a small portion of the working class, the members being recruited solely from among workmen affiliated to professional unions.

Let us now see how the public institutions intervene to encourage and promote thrift on the part of workmen in view of possible unemployment.

(1) See *Monthly Bulletin of Economic and Social Intelligence*, August, 1914, pp. 1 et seqq.

(2) See the sources indicated at the head of this article.

§ 2. SUBVENTIONS FROM THE COMMUNAL AUTHORITIES: UNEMPLOYMENT FUNDS.

The authorities began to make systematic provision against unemployment in 1897, when the Liège Provincial Council voted a subvention of 1,500 francs to the mutual unemployment benefit societies.

This form of intervention was soon largely extended, the communes forming special "unemployment funds". The first was instituted in Ghent in 1899.

Starting from the principle that every effort made by the workmen (on salary or on wages) to defend themselves against compulsory unemployment must be encouraged, the Ghent communal administration decided to grant certain credits to increase the amount of the compensations paid by the above unemployment societies to their members and entrusted a special committee with the distribution of these subventions.

The associations that desire that their members may benefit by these subventions must submit to the conditions with regard to organization and inspection laid down in the regulations. The committee administering the Fund arranges for an inspector to inspect the work of the unemployment society in accordance with which the communal subvention is calculated. Reduced to its simplest expression: *the Ghent System* (1) means a subvention to the individual unemployed workmen, granted through the medium of the syndicate, which advances the money and is repaid at the end of the month. The subvention is substantially an addition made, at a definite rate, to the compensation granted by the syndicate to the unemployed members in accordance with the rules, for a period of no more than 60 days a year per workman, and may amount to a maximum of 100 per cent per franc of the original compensation per day.

Similar subventions are granted on the basis of the savings of the unemployed who save individually or collectively in view of possible compulsory unemployment.

Recently, the president, M. L. Varlez, in the name of the Committee administering the Fund, proposed certain reforms to be made in the above system. These proposals related to the following matters (2):

(a) At first the Fund was to have been a purely local institution, dependent only on the commune of Ghent, but gradually also the suburban

(1) This system has been applied in Italy with success in the "Cassa di sussidio alla disoccupazione" (*Fund for the Benefit of the Unemployed*), instituted in 1905 by the *Società Umanitaria* of Milan. See the number of this Bulletin for July, 1914. pp. 51 et seqq.

(2) See the *Bollettino di Notizie sul Credito e sulla Previdenza*, published by the Department of Agriculture, Industry and Commerce of the Kingdom of Italy (General Management of Credit and Thrift), No. 5, September-October, 1912.

communes began affiliating themselves to it, and it was necessary to allow their claim to share in the administration of the Fund, and to send representatives to the Committee with right to vote. The Committee of the Fund, with the object of reconciling this right of the suburban communes with the claim of the delegates of the commune of Ghent to have the chief share in the administration of the Fund, proposes that every Commune should have a number of votes corresponding with the amount of the subventions it pays.

(b) It is proposed further to give a place among the rules of the society to the byelaw that makes the entry of the name of the unemployed workman on the register of the Labour Exchange a necessary condition of his receiving the communal subvention.

(c) In virtue of its early rules, the Fund could and did effectually continue the grant of compensation from the commune to the unemployed who had drawn the full amount to which they were entitled from the syndicate. For this purpose, a credit was opened to the account of every unemployed workman for the amount that would have been due to him as subvention from the commune if this were calculated at the maximum rate of 100 % of the compensation granted by the syndicate instead of at a lower rate. The unemployed workman, after the lapse of the period for which the syndicate gave him a subvention, received from the Fund an additional subsidy of three francs a week, until the credit was exhausted. The Committee now proposed to make this a Rule.

(d) The fund now benefits the members of the syndicate unemployment insurance societies, syndicate savings banks, insurance societies and the savings banks not belonging to syndicates and those workmen who save independently. Thus there are five classes benefited by it. Its eclecticism is an argument the advocates of the Ghent system bring forward, when the system is accused of being too favourable to the syndicate movement. On the other hand, the system is accused of excessive encouragement of those saving individually, to whom the commune grants subventions to the amount of 60 % of their deposits. In reality, however, almost all those who benefit by the communal subventions are members of syndicates. The Committee of the Fund proposes to change this condition of fact to one of right and refuse the claim to communal subventions on the part of those who save independently and of the members of savings banks not belonging to syndicates.

The system of Ghent, above mentioned, is in high favour: on the one hand, by effect of it, unemployment insurance has become general in the workmen's syndicates; on the other, many communes will soon follow the example of Ghent, in 1904 in fact there were already 12 communal unemployment funds; three others were organized in 1905, four in 1906, five in 1908, etc. And now there is not a city of more than forty thousand inhabitants but has its unemployment fund.

Generally, they are all founded on the model of that of Ghent. The Liège Fund differs somewhat, as it gives collective quarterly subventions to the affiliated unemployment societies.

There is a constantly increasing tendency in favour of intercommunal Funds and already some have been formed.

Each Fund, whether communal or intercommunal, works independently within the limits of its own district.

In 1910 there were 22 Funds working, to which 50 Communes and 362 syndicates adhered. During that year the subventions granted by the Funds amounted to 88,781.14 fr. against 199,798.16 fr. paid by the affiliated syndicates.

Besides granting subsidies to the communes the provincial administrations also grant them to the professional unions that have instituted societies to give assistance in case of compulsory unemployment; the amount of the subventions and the rules in accordance with which they are granted vary from province to province.

The State also grants subventions for the same purpose. Since 1907, indeed, the Department of Industry and Commerce has had at its disposal an annual credit for the purpose of the encouragement of the free labour bureaux and the unemployment benefit societies.

Up to the present, three kinds of institutions have received State subventions: the Communal Funds, the Unemployment Societies affiliated to them and the recognized professional unions not affiliated. In the case of the latter and of the affiliated societies, the subventions supplement the compensations granted to the unemployed members of the associations.

In 1910, subventions were granted to the amount of 18,124 frs., 2,760 frs. being granted to the Communal Funds, 13,809 frs. to their affiliated societies, and 1,555 frs. to recognized professional unions.

To-day about 400 syndicates are receiving public subventions: in 1912, they received altogether 222,126 fr. in subventions, 147,385 fr. from the Communes, 49,830 fr. from the Provinces and 24,911 fr. from the State.

§ 3. THE LABOUR EXCHANGES.

Both on private initiative and on that of the communal and provincial administrations, free public labour bureaux have been founded in Belgium, under the name of Labour Exchanges, in the various parts of the country, for all workmen.

The Labour Exchanges centralise the supply and demand for labour and help workmen to find employment.

They make provision for this purpose: (a) in the first place by opening establishments in which the employers and employees may meet and make arrangements; (b) by publishing the applications they receive; (c) by informing those concerned of the corresponding supply and demand.

There are four kinds of Labour Exchanges: 1. The Communal Exchanges; 2. Semi-Official Exchanges, placed, that is to say, under the supervision of the Commune and under the Management of a Mixed Com-

mittee with representatives of the Commune; 3. Exchanges formed by Associations, amongst which we may note those founded by professional Unions of Workmen and Clerks; 4. Purely Private Exchanges.

Like those previously mentioned, these institutions receive subventions from the Communes, the Provinces and the State. The latter has in fact since 1904 granted subsidies to the Exchanges that observe certain rules.

At the end of 1913 there were 49 Exchanges recognized by the State. To 43 of those that were working in 1912 the State granted subsidies in 1913 to an amount of 29,370 frs. Seven Exchanges, founded in the course of 1913, received each a subsidy of 200 francs as contribution towards their first instalment. The two Exchanges of Louvain and Namur, which had founded special departments for the employment of women, each received a subsidy of 150 francs.

The provinces and communes have also given their support to the free labour bureaux. The subventions granted by the former amounted to 11,227 frs.; those granted by the communes to 33,101 frs.

A certain number of communes also assist the Exchanges by furnishing them with rooms, providing clerks, etc.

With regard to the work of the Exchanges, let us observe that in the course of the year 1913, they received altogether 88,188 applications for employment (67,489 or 76 1/2 % from men, and 20,699 or 23 1/2 % from women).

The number of the applications and that of the Exchanges in each of the years from 1904 to 1913 is seen in the following table:

TABLE I. *Number of Applications for Employment
in each Year from 1904 to 1913.*

Years	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913
Applications	20,461	17,156	19,258	23,808	39,852	51,576	60,066	69,694	71,204	88,188
Number of Exchanges	10	10	10	12	14	17	29	37	43	49

On the other hand, the offers of employment increased in 1913 to 74,700 (55,083 or 74 % for men and 19,617 or 26 % for women).

We give below the number of offers of employment made to the Exchanges for each year between 1904 and 1913:

TABLE II. *Number of Offers of Employment for the Years from 1904 to 1913.*

Years	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913
Offers . . .	13,303	14,436	16,312	18,520	21,592	27,970	40,752	55,975	64,801	74,700
Number of Exchanges	10	10	10	12	14	17	29	37	43	49

Finally, the number of individuals for whom employment was found in 1913 was altogether 43,739; 33,010 (75%) men and 10,729 (25%) women.

Comparing the supply and demand and the employments found, we see in 1913 that there were 123 applications for work per 100 offers of employment (113 in 1912, 125 in 1911, 152 in 1910); and 49.5% of those applying found employment (50.6 in 1912, 45 in 1911, and 41 in 1910), and 58.5% of the situations offered were filled (56 in 1912, 57 in 1911, 61 in 1910).

But for the more effectual success of the efforts of the Exchanges, the exchange of communications between them must be arranged and perfected. In this consists the advantage of Federations, which also for this class of institutes are an element of strength. Let us mention the Federation of the Limbourg Labour Bureaux, the object of which is precisely the interchange of applications for and offers of employment, and the National Federation of Labour Exchanges, founded at Liège in 1902.

§ 4. "MAISONS DU TRAVAIL" AND OTHER REMEDIES FOR UNEMPLOYMENT.

In times of considerable unemployment many Communes have decided to construct roads, clear land, remove rubbish, etc. In order to prevent a crisis in the hardware industry, the State gave a contract for the supply of the railways.

Further defence against unemployment is afforded to the workman by auxiliary industries carried on at home; thus, in the country, he may occupy himself in many domestic industries.

Benevolent institutes have been founded on private initiative to obtain needlework and embroidery for the women to do, and woodcarving work etc. for unemployed men. There is a form of benevolence in use in the *Maisons de Travail*, which cannot be too much admired from the point of view of utility and thrift. Charitable persons, instead of giving alms to those in need, give them tickets for work to be done in the establishment, at the rate of 20 centimes the hour.

But the best labour establishments seem to be those in connection with the professional unions. Here the dignity of the workmen is fully

respected ; for work perfectly corresponding with his capacity he receives, in fact, the usual rate of pay and so cannot find it humiliating.

Finally, those unemployed through idleness or of necessity find a last refuge in prisons, in which they are confined by judicial sentence, in mendicants' homes or in benevolent agricultural colonies.

§ 5. INTERNATIONAL ASSOCIATION ON UNEMPLOYMENT.

On September 21st., 1910, the members of the International Unemployment Conference held at Paris decided, as we know, to form an "Association internationale pour la lutte contre le chômage" (*International Association on Unemployment*), divided into various national sections, but with the general office at Ghent. The Belgian section is one of the most important and includes more than a hundred organizations and individual associates. The object is to establish a permanent bond between the various institutions that, under various forms, have engaged in the struggle for the reduction of the unemployment of workmen, so as to harmonise their various efforts and encourage the necessary studies for an efficacious action.

We think it well to give some information on the subject.

In the first place, the Association has two classes of members: those immediately of the international central society and those belonging to the national sections of it.

The first are rather few and tend to diminish with the successive foundation of national sections: there are now 35, 15 of them in Europe and 20 outside of Europe; although few in number, they have weight for the future of the Association, since they belong to fourteen different countries and on the activity of their propaganda depends the constitution of new sections.

By far the most of the members, however, belong to the national sections and they again are divided into two classes: those called regular members to whom the Bulletin of the Association is sent and who pay 5 francs a month and the members depending on the national body who do not receive the Bulletin and whose numbers it is difficult to calculate.

Many of the adherents are collective bodies, amongst which there are 169 public social institutions and 80 public offices of various kinds (Government offices, official insurance organizations, Chambers of Labour, etc.).

The large cities of Europe have adhered to the organization and even many associations have become members. Amongst the latter there are 57 associations of workmen and clerks, 42 employers' associations, 51 different scientific associations and institutions.

Altogether there are 1,046 members, of whom 647 were individual members, 9 Governments, 30 provinces, 130 cities, 17 Government offices, 12 national or provincial insurance societies, 21 Labour Exchanges, 17 Unemployment Funds, 13 Municipal offices, 57 workmen's syndicates, 41 masters' associations, and 51 miscellaneous associations or institutions.

The national sections the rules of which are already or will be shortly approved are represented by the following countries: Holland, Spain, Germany, Austria, Belgium, France, Great Britain, Hungary, Italy, Luxembourg, Sweden, Switzerland, Denmark, United States, Finland and Norway.

During the short period of its existence the association has already carried out a large part of its extensive programme, which in fact included:

(a) The organization of a permanent international secretariat to centralise and keep at the disposal of those concerned the documents and information relating to the various aspects of the relief of unemployment in the various countries;

(b) the organization of periodical, public and private international meetings;

(c) the organization of special research into the more important aspects of the unemployment problem;

(d) the publication of essays on unemployment and of a bulletin;

(e) the exercise, in connection with the private institutes and governments of every country, of action for the promotion of legislation, for the collection of comparative statistics, and for the conclusion of agreements and treaties in relation to unemployment.

Now, with regard to each of these items, the road has been prepared and, in the case of some, great progress has been made.

In fact a general office has been established at Ghent; a publishing office has been founded in Paris and a complete bibliography on the subject is in course of publication.

Besides, since the first year of its existence, the Association has published a Bulletin, containing, in addition to the chronicle of the most notable events and the proceedings of the society, the text of the principal laws on unemployment. Every three months it intends to publish a complete study of the most important aspects of unemployment.

Interesting monographs have also been published, especially on the following subjects. 1st. Insurance against Unemployment; 2nd. Recruiting of Workmen; 3rd. Emigration and Recruiting of Farm Labourers; 4th. Assistance to the Unemployed; 5th. Statistics of Unemployment.

Important work has also been done by the various national sections, which have taken different measures in regard to insurance against unemployment, the recruiting of labour, professional assistance and education, and have published bulletins, books and pamphlets for purposes of propaganda.

In order to enlarge its own field of action, the Association has recently entered into an agreement with the International Committee of Social Insurance and the International Association for the Legal Protection of Labourers, on the basis of a collective propaganda in the countries outside Europe and the institution there of mixed associations, depending on the three organizations, for the purpose.

SWEDEN.

THE CO-OPERATIVE INSURANCE OF PIGS IN SWEDEN.

By H. JUHLIN DANNFELT,

Secretary of the Royal Academy of Agriculture.

The insurance of live-stock in Sweden commenced with the horses, of which at present more than 350,000, or 60 per cent. of the whole Swedish stock, are insured. Cattle insurance, though of more recent date, has progressed rapidly so that at the end of 1911 it embraced nearly 400,000 head or about 14 per cent. of the total number in the country. The pigs are on the contrary comparatively seldom insured. The principal live stock insurance company (skandinaviska kreatursförsäkringsaktiebolaget), one of the largest of its kind in the world, has not taken up this branch at all and in another, newly started and less important company for general live stock insurance, embracing the whole country, it is still rather insignificant.

As a rule the insurance of pigs is limited to small farmers, crofters and labourers, owning only one or some few animals, and has been undertaken by local societies generally embracing a single parish or even smaller districts and always based on mutual principles.

There are no reliable statistical returns as to the number of pigs insured, nor of their insurance value, but the small extent of this branch of insurance business is shown by the fact that of the whole number of over 700 institutions for the insurance of live-stock entered in the registers of the Board of Insurance Inspection there are only 30 which insure pigs, and of these 29 are small local mutual societies. There may, however, exist in some rural industrial or other densely populated centres a number of pig insurance societies formed by labourers which have not been notified to the said Board.

These societies have mostly been formed during the last 10 years. The largest number (9) of them are found in the densely populated and intensely cultivated districts south of Malmö in the south-west corner of Sweden; the rest are scattered over most of the southern and central provinces, but there are hardly any in the northern section of the country, "Norrland," where pig-keeping is less common. The majority of the societies

only insure pigs ; 9 insure also cows and 3 horses, cows and pigs, but always with special sections for each kind of animal.

The object of the insurance is always to meet the losses caused by disease or accident ; for 11 societies it is expressly stated that compensation is paid only when the disease or accident has caused the death or killing of the animal, but the same rule is probably generally practiced, there being only one society in whose rules compensation for diminution of value is mentioned. One society also pays compensation for animals stolen.

All the mutual societies work under the simplest forms and with the least expensive administration. The rules are often very incomplete, lacking essential provisions which in such cases must be compensated by practice. The committee of management generally gets no remuneration for its work, or a very trifling one, such as the free insurance of one pig ; where there is a special treasurer or appraiser he gets a small commission, as for instance, 10 öre for each insured pig or 5 per cent. of the aggregate contributions.

At the general meeting every member present generally has one vote ; in 6 societies there is one vote for every 100 crowns (1) of insurance value and in 2 of these societies no members may dispose of more than $\frac{1}{20}$ th or $\frac{1}{10}$ th of all the votes of the members present.

Societies embracing a larger district are generally divided into sub-districts or circles, each represented in the committee by one member.

A great part of the societies have in their rules provisions limiting the membership to small agriculturists, generally by allowing only small holders or labourers or owners of not more than 2, 3 or 4 pigs to become members. Thus the farmers, properly so called, are excluded, and sometimes also, by special provisions, dairymen and butchers. In order to prevent too great risk 10 societies have fixed a certain minimum insurable age (2, 6 or 8 weeks) and all of them insist that the animals to be eligible for insurance shall be in good health and free from disease, this being generally ascertained by inspection. In 6 societies the members are bound to present all their pigs for insurance ; in one society all the animals collectively. In other societies, where this provision does not exist, it is stipulated that it shall be stated exactly which of the animals are insured. Some societies insure only store pigs or charge a higher rate for breeding animals. In 4 societies it is expressly forbidden to grant any application for insurance, when an epidemic has occurred in the neighbourhood, and 10 societies have in such event reserved the right to decide whether any compensation shall be paid.

In some societies the pigs are insured at cost price and are then to be insured directly after the purchase. Otherwise the animals are generally valued by an officer or member of the committee, the appraiser, on application for insurance ; at this valuation different rates are applied such as : the cost price with the addition of 10 crowns a month until 1 year ; or 7.50 crowns a month up to 100 crowns.

(1) 1 crown = 100 öre = 1.1 shillings.

Owing to the small number of members and their modest resources, the necessary means for the administration and the payment of compensation are generally procured only in part by premiums or other regular fees but partly or chiefly by special levies calculated according to the compensation that is to be paid. Almost all the societies charge a small *entrance fee* either personal (half a crown to one crown) or for every insured pig (a quarter of a crown to 1 $\frac{1}{2}$ crowns) or in proportion to the insurance value (1/2 to 1 $\frac{1}{2}$ per cent.) In 5 societies the entering member has also to pay 25 öre for his membership-book or for a copy of the rules. In 10 societies each member has besides to pay a small *regular fee* either personal, of 1 crown, or for each pig, from a quarter of a crown a year up to the same sum monthly, or yearly 1 $\frac{1}{2}$ to 2 per cent. of the insurance value. The deficient sum must be made up by *levies*, raised either on every occasion when it is necessary to pay compensation, or, in most societies, once a year. This contribution is calculated in proportion to the number of insured animals or to the insurance value. Only one society has a fixed premium (half a crown a year for every animal).

Another consequence of the modest resources of the societies and their members is the absence or insignificance of accumulated funds. Several of the societies transfer the yearly surplus to an insurance or reserve-fund and two of them add the entrance fees to this fund. But it never does grow to any considerable amount, the compensation being partly paid out of the sum as soon as it has reached 100 to 200 crowns (in one society 1,000 crowns) or 10 per cent. of the amount of the insurance in force.

When an insured pig falls ill or meets with an accident, the owner (according to the rules of 19 societies) must at once inform a member or officer of the committee, who will inspect the animal without delay and decide whether a veterinary surgeon shall be called or the animal be immediately slaughtered. In 3 societies the owner himself must call the veterinary surgeon and inform the committee when the animal is dead or has been killed. In any case the instructions of the veterinary surgeon must be scrupulously carried out, else the society will not be liable to pay any insurance indemnity. Five societies pay the fee of the surgeon and three societies also the medicine prescribed by him.

When an insured animal dies or must be slaughtered in consequence of an accident or disease, the owner must immediately inform the representative of the committee, so that the carcase may be inspected and, if there seems to be any reason for it, dissected.

The compensation for an insured animal is generally paid immediately after its death at its full value, with deduction of the estimated value of those parts deemed proper for human food. Generally the owner is bound to take such parts at their estimated value. One society pays the whole value and disposes of the carcase.

As to the amount of the compensation to be paid, the rules of the societies are very varied. There are only 8 societies which pay compensation equal to the insured value. Nineteen societies base the payment upon an estimate made at the time of the loss, but in many cases do not pay the

actual estimated value. Thus 6 societies have fixed a maximum amount for the indemnity (75-150 crowns). Six societies reduce the estimated value in the same proportion as the total estimated value of all the insured animals of the same owner exceeds their insured value. Two societies do not pay more than half the value of animals affected with trichinosis, and two have the same provision as to swine-fever (hog-cholera).

The liability of the societies to pay compensation may cease for several reasons. This is generally the case when a pig falls ill or dies in consequence of its being ill-treated or neglected. Other reasons for loss of the right to compensation are the death of the animal being caused by war or revolt (2 societies), by lightning (1 society), by fire (8 societies), by tuberculosis (1 society), by non-compliance with the instructions of the veterinary surgeon or where death results in consequence of castration or spaying not done by a veterinary surgeon (3 societies).

In the rules of 4 societies there is a provision that the right to compensation ceases if the owner receives compensation for his loss from the state (in case of swine-fever), from a fire insurance company or some other insurance institution.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO INSURANCE

GERMANY.

KASKEL (Dr.): *Der Einfluss des Krieges auf die deutsche Sozialversicherung (The Influence of the War on Social Insurance in Germany)*. Monatschrift für Arbeiter- und Angestellten-Versicherung. Berlin. September, 1914.

The author briefly considers the influence of the war on social insurance, taking into consideration the existing legal provisions and deals with questions that may arise before disasters; compulsory or voluntary insurance and suspension or otherwise of the payment of premiums in the case of soldiers; and also the questions that may arise later at the moment of the disaster (payment of compensation by means of assistance to soldiers). The author briefly examines the legal position of the funds belonging to the insurance society as its own property and denies the State the right to make use of such funds; admitting the direct assistance of the society (medical assistance etc.) for the benefit of soldiers so as to reduce the consequences of disasters; and holding it advisable that the societies should subscribe to the war loan; and not admitting in any way the right of foreign states to confiscate the funds of the society itself.

Part III: Credit

GERMANY.

LANDSCHAFT OF THE PROVINCE OF SAXONY.

In honour of the Fiftieth Anniversary of its Foundation (1914), the Landschaft of the Province of Saxony has published a full report, giving the whole history of its action. From that report, entitled: FESTSCHRIFT ZUR FEIER DES 50 JÄHRIGEN BESTEHENS DER LANDSCHAFT DER PROVINZ SACHSEN, 1914, we derive the following information:

§ I. HISTORICAL OBSERVATIONS.

In regard to the objects and general constitution of the Landschafts we must refer our readers to the three articles published on the subject in earlier numbers of this Bulletin (1). In them the reader will find full information in regard to the Landschafts generally and the special conditions that suggested or necessitated their institution: we shall therefore only say that these important land credit institutions are organized under the form of co-operative societies, but, as they are adapted to the special conditions of the provinces in which they have to work, they vary considerably in other respects in regard to their constitution and working.

The Landschaft of the Province of Saxony is one of those most recently formed, for it was founded in 1864, while other kindred institutions, for

(1) See *Bulletin of Economic and Social Intelligence*, No. 1. Vol. 1. September, 1910 pp. 45 et seqq., November, 1913, pp. 65 et seqq.; and February, 1914, pp. 53 et seqq.

example, the Landschaft of Silesia, date from the second half of the eighteenth century. This may perhaps excite surprise, especially in view of the fact that the Province of Saxony has always had a prominent place among the Prussian provinces, in respect to agriculture, both as regards the systems in use and the yield. It is, however, to be remembered the Province of Saxony as such only came into existence in 1815; all the same, even under the new conditions, half a century had to elapse before the agriculture of the country was in a position to enjoy the great advantages afforded by a completely organized mortgage credit institution.

Among the causes of the delay in the foundation of the Landschaft must be mentioned, in addition to the comparatively recent constitution of the province, also the economic policy of the State, which, in order to hinder an excessive mortgage indebtedness, opposed the foundation of credit institutions; the small indebtedness of landed property in Saxony as compared with that of the eastern provinces of Prussia, which made the institution of a mortgage credit institute here a less urgent matter, the fact that Prussian Saxony was in a more flourishing condition and more open to traffic than the eastern provinces, which made the utilisation of other sources of credit easier, and, finally, one of the most important causes, the fact that large estates, for which alone the Landschafts were first founded, are far fewer in this than in the other provinces of Prussia.

So much said, let us briefly consider the principal phases of the period of preparation for the foundation of the Landschaft.

The first attempts were made in 1830. At that time, for various reasons we cannot and need not here consider, the rate of interest on loans on real estate began to fall. The rate of interest on mortgage, which had been up to that date 5% and was still higher in the eastern provinces, fell to 4% in the case of safe investments. Indeed, in some of the more thriving districts it was reduced to 3 1/2% and even 3%; in 1840, some investments of the greatest security were made at the ridiculously low rate of 2 1/2%. It was at this date the Prussian Landschafts effected the conversion of their 4% land bonds to 3 1/2%, so as to utilise the remaining 1/2% due by the land holders for the formation of an amortisation fund.

At the time the general conditions of agriculture were rapidly improving, and the soil was being rendered more fertile and the value of the farms was consequently increasing. And not only was this so, but the rapid change to systems of intensive cultivation obliged the farmers to obtain funds to facilitate the change; all of which, naturally, contributed to make the need of organizing credit on mortgage felt. However, the first attempts did not go beyond the plan of constituting a credit institute by which large holdings only were to benefit; the idea of offering small holdings the same benefits was only adopted in the other Prussian provinces in 1840.

The political and popular movements of 1848 put a stop to these first attempts and early schemes, and closed, we may say, the first period of preparation for the Saxon Landschaft, the second period only commencing some years later (1856-1862).

The period from 1849 to 1855 was one of remarkable industrial progress both in Prussia generally and in the province of Saxony.

During these seven years no less than 87 societies limited by shares (spinning, weaving and insurance societies, banks etc.) arose in Prussia, with altogether a capital of 83,000,000 thalers.

This considerable development of industrial life necessarily had important effects on agriculture. The constitution of numerous industrial societies and especially of the railway companies had attracted a large amount of capital: the shares of these societies competed on the exchanges for the favour of large and small capitalists and became serious rivals of those securities up to then exclusively admitted for quotation, that is to say Government stock and land bonds.

Under the pressure of these events the question of the need of credit for landed estates became in its turn one of the most important and urgent for the whole economy of the German nation.

After long discussions and much hesitation, the Central Management of the Agricultural Unions of the Province of Saxony (*Centraldirektion der landwirtschaftlichen Vereine der Provinz Sachsen*) decided to present to the provincial Parliament a petition expressing the desires of the agricultural class in regard to credit on mortgage. These desires may be summarised as under :

(a) the foundation of an exclusively provincial credit institute, under the guarantee of all four social classes or eventually of one or other of these classes ;

(b) foundation of a Mortgage Bank in connection with the Provincial Mutual Aid Society (*Provinzialhilfskasse*) ;

(c) authorization of the issue of unredeemable land bonds to bearer, not on special mortgages ;

(d) establishment of a maximum limit for loans (to be paid in land bonds of the Landschaft) for half the estimated value of the holding, and by way of exception for two thirds of the value. In the latter case, however, the difference between half and two thirds of the taxable value must be repaid in instalments during a maximum period of 25 years. The remainder, corresponding with half the estimated value, must be repaid in instalments lasting over an indefinite period ;

(e) limitation to 5,000 thalers of the estimated minimum value of the rural holdings or the urban holdings utilised for agricultural purposes, on mortgage of which the institute to be founded may lend ;

(f) the rate of interest on the land bonds not to be fixed before publication of the rules ; but presumably not to be higher than 4 $\frac{1}{2}$ %.

We shall not here occupy ourselves with the successive postponements, discussions, and adjournments of debate in connection with this proposal : it is enough to say that the year 1862 was reached before anything had been done except that the conviction had now been arrived at that it was impossible to found this Landschaft with State help.

Then a different line was adopted and it was sought to realise the objects contemplated by means of co-operation. And, if before the negoti-

ations were lengthy, they now proceeded to a termination with comparative rapidity. On the immediate initiative of the farmers, through their Central Union, the important matter was repeatedly brought forward. On March 1st., 1862, the Management of the Central Agricultural Union held a special referendum among all the holders of land of a value of not less than 10,000 thalers, in order to ascertain their opinion in regard to the foundation of the new institute. The result was even more favourable than had been anticipated, since as many as 559 landholders, possessing altogether land of a total value of 20,300,000 thalers, answered the summons. In a first meeting it was decided that it was necessary to found the institute on the following lines :

1. repayment in instalments must be compulsory ;
2. the holding to be mortgaged must be valued at the estimate made for purposes of the land tax ;
3. the institute, in order to arrive at really useful results, must try to reduce the limit of the value of the holdings on which loans might be granted to less than 10,000 thalers.

And in accordance with these principles the rules of the new institute were drawn up and approved by decree of May 30th., 1864. The Landschaft of the Province of Saxony was definitely constituted but under the name of *Landschaftlicher Kreditverband der Provinz Schlesien*.

§ 2. RULES OF THE " LANDSCHAFTLICHER KREDITVERBAND ".

Before we consider the development and present situation of this *Kreditverband* it will be well to examine the rules in accordance with which it was founded.

In the first place it was not an institute in public but in private law, recognised as an incorporated body. Its right to issue land bonds to bearer at the uniform rate of 4 % was recognised. It might accept as members all owners of land situated within the province and utilised for agricultural or forestry purposes, the net revenue (*Grundsteuerreinertrag*) of which as calculated for purposes of the land tax was not less than 50 thalers.

The State exercised a right of supervision over the operations of the Institute, through a Government commissioner, who had a right to attend the meetings and to be informed in regard to all the transactions.

As regards the land bonds, a first mortgage had to be passed for half the value of the holding mortgaged to cover the capital lent, the interest, the expenses etc. The bonds were of the value of 1,000, 500, 100, 50 and 25 thalers.

The bonds were secured collectively by the association, in the first place, on the excess revenue, and then on the reserve fund. Every possessor of a land bond had, however, the right to obtain transfer of any of the Landschaft's mortgages, within the limits of his credits.

The revenue of the association consisted in the annual 5 % interest, in the entrance fees (1 thaler per 1,000 lent), in interest lost by prescription etc. Four fifths of the 5 % interest were used for the payment of interest on land bonds; 75 % of the remaining fifth was placed to the amortisation account and 25 % utilised for working expenses.

The cash balance after payment of working expenses etc., was placed to the reserve fund, in the name of the members, until the fund amounted to 5 % of the total loans. Any eventual surplus was to be placed to the members' amortisation account. The members might draw on the reserve fund, but only for the extinction of the last 5 % of the amount of their loans.

This reserve fund served as a guarantee against eventual losses of the association. When the share of any particular member in the reserve fund did not yet amount to 5 % of his debt, he was held responsible to the Landschaft for the rest; he could be called upon to pay the balance within three months.

It is to be observed that the object of this compulsory payment of the balance to meet eventual losses, like that of the reserve fund, was to constitute a kind of substitute for the members' general guarantee (*Generalgarantie*) that existed in the older Landschaften.

The $\frac{3}{4}$ % entered to the amortisation account of each member, increased by the surplus in excess of 5 % of the reserve fund account, forms what is called the Amortisation Account (*Amortisationskonto*). Last of all we shall say that the value of the land to be mortgaged according to the original rules of the Saxon *Kreditverband* had to be fixed in accordance with the estimate for the land tax (law of May 21st., 1861). However, the value of the holdings was never to be estimated at more than 30 times that of the taxable revenue. The Board of Management, then, within these limits, fixed the value of the holding, and there was no appeal against its decision.

§ 3. THE DEVELOPMENT OF THE "KREDITVERBAND."

(a) *From 1865 to 1874.*

The first thirty years of the existence of the *Kreditverband* of the Province of Saxony, which assumed the name of *Landschaft* in 1887, may be divided into three decades, clearly distinguished from each other, and each representing a special phase in the development of the new Institute.

The first of these three periods — from 1865 to 1874 — may be indicated as the "period of the struggle for existence" and is characterised by an extremely slow development of the association. This assertion is sufficiently

proved by the following figures relating to the issue of land bonds and the fluctuations in the numbers of the members during this period:

Year	Amount of Bonds Issued	Number of Members
		(In Marks).
1865	1,480,575	32
1866	179,750	40
1867	668,025	45
1868	719,400	50
1869	366,750	53
1870	54,450	55
1871	38,175	51
1872	209,850	58
1873	781,050	63
1874	210,375	66

The causes of this slow progress are manifold and we must content ourselves here with mentioning the chief of them. First of all, it must be remembered that the Credit Institute, but recently founded, had not yet been able to acquire that recognition which facilitates the increase of business; and not only was it not yet well known, but it had not yet won the confidence of the public so often deceived by the schemes of interested politicians. To these reasons of a general character we may add some of a financial nature, such as the small amount of funds at its disposal at the time and the excessively low maximum limit fixed for the grant of mortgage loans which was a serious obstacle to the development of its business.

When we further add the effect of the generally unfavourable economic situation, due to the well known political disturbances that characterized the decade 1865-1874, it is not surprising that at the beginning of its career the *Kreditverband* of the Province of Saxony had difficulties to contend with of no light character.

To meet this unfavourable situation, it was decided to amend the fundamental rules so as to favour an extension of the business of the Institute. Among the amendments introduced we shall only mention the successive raising of the maximum limit for loans.

In this connection, the first alteration was made on August 2nd., 1876, when it was fixed at $\frac{3}{5}$ ths. of the value of the holding, and as it was held that the maximum value of the holding corresponded with 30 times the net taxable revenue, the limit was fixed at 18 times that revenue. But not even this seemed enough, and, after new proposals, the Prussian Government, by decree of September 7th., 1872, decided that the limit should be

raised to $\frac{2}{3}$ rd.s. of the value of the holding, or 20 times the net taxable revenue.

In the meantime, the Central Landschaft of the Prussian States had been founded (*Zentrallandschaft für die Preussischen Staaten*), the rules of which were approved by Decree of May 21st., 1873. The principal object of this institution was to serve as a central organization for the Landschaften for the issue and circulation of land bonds. The "*Landschaftlicher Kreditverband*" of the Province of Saxony also affiliated itself to the new institution, but, during its first working year, the Zentrallandschaft had not to issue land bonds for its account.

(b) *From 1875 to 1884.*

The decade from 1875 to 1884 is marked by the very decided development of the Saxon *Kreditverband*, now definitely and firmly established.

As we know, the Prussian Savings Banks transact mortgage credit business on a large scale. The table we reproduce below shows the amount of the mortgage credit business transacted in the ten years 1875-1884 in the Province of Prussian Saxony by the *Kreditverband* and the Savings Banks respectively (in millions of marks).

TABLE I. — *Land Credit Operations of the "Kreditverband" and the Savings Banks: 1874 to 1884.*

Year	Mortgage Loans Granted by the <i>Landschaftliche Kreditverband</i>		Mortgage Loans Granted by the Savings Banks	
	Amount of the Mortgages at the End of the Year	Annual Increase	Amount of the Mortgages at the End of the Year	Annual Increase
Millions of Marks				
1874	4.35	—	43.71	—
1875	6.48	2.13	46.57	2.86
1876	7.90	1.42	54.10	7.53
1877	8.59	0.69	58.92	4.82
1878	9.00	0.41	63.16	4.24
1879	10.07	1.07	67.27	4.11
1880	12.79	2.72	71.76	4.49
1881	10.81	4.02	77.19	5.43
1882	20.83	4.02	83.09	5.90
1883	24.76	3.93	89.20	6.11
1884	29.46	4.70	97.05	7.85

From these figures we see clearly the considerable place the *Kreditverband* was gradually and firmly acquiring in respect to mortgage credit

business in the country ; in 1874 the mortgage loans granted by it represented hardly 9.06 % of the total mortgage loans granted by it and the Savings Banks together : in 1884 the percentage granted by it had risen to 23.3 %. But from the above figures we see further that the mortgage debt on land in the province rapidly increased during the ten years ; indeed it was just about 1875 the land crisis began which only terminated about 1903. The increase in the revenue from land in Germany which had been characteristic of the period 1850-1875, was arrested about this date ; the prices of agricultural produce fell and continued to fall rapidly and there was also a marked tendency towards the reduction of leases. The fall in prices was largely due to importation from America and Russia. Notwithstanding this, the value of the land continued to rise, partly owing, to the increased investments in land consequent upon the crisis of 1873, partly owing to the increased fertility of the farms due to improved methods of cultivation. But the increased price of land led to an increase in the mortgage debt, because often the purchaser had not the necessary capital for the purchase. Under these circumstances, it may perhaps excite surprise that the *Kreditverband* was not called upon to assist more extensively than we have seen it did in providing capital ; it is, however, to be observed that not only were there other sources in the province whence credit could be obtained but also not even at this date was the *Kreditverband* sufficiently known. But what perhaps more than anything else hampered the development of the work of this institute was the maximum limit for loans fixed in the rules, which, although modified, as we have seen, did not yet satisfy the demands of the borrowers. Accordingly it was decided again to amend the Rules.

The most important amendment, approved on October 27th., 1880, provided that, while the former provisions remained unaltered as regards the determination of the value of the holding (30 times the taxable revenue), and while $\frac{2}{3}$ of this value (20 times the taxable revenue) was kept as the maximum limit for loans, it was permitted, when the Management judged advisable or when the borrower desired a loan in excess of the above limit, to proceed to a new valuation of the holding and raise the estimated value, if possible, to 36 times the taxable revenue. And so the maximum limit, while remaining $\frac{2}{3}$ of the value of the holding would be raised to 24 times the taxable revenue.

(c) *From 1885 to 1894.*

On June 29th., 1889 the *Kreditverband*, the name of which had been changed to *Landschaft* in 1887, so as to harmonize with those of the analogous institutes of the Prussian provinces, completed its twenty fifth year. The general situation was excellent, and tended more and more to improve. The *Landschaft* had at that date a balance of mortgage loans amounting to about 50,000,000 marks. But its subsequent progress was considerably more rapid. In the ten years 1885-1894 land bonds were issued to the amount of 46,500,000 marks, giving an average of 4,500,000 marks. a year,

as against an average of 2,500,000 marks for the previous ten years, and hardly 500,000 marks in the first decade.

TABLE II. — *Land Credit Operations of the "Landschaft" and of the Savings Banks: 1884 to 1894.*

Year	Loans on Mortgage Granted by the Landschaft		Loans on Mortgage Granted by the Savings Banks	
	Amount of Mortgages at the End of the Year	Annual Increase	Amount of Mortgages at the End of the Year	Annual Increase
Millions of marks				
1884	29.46	—	97.85	—
1885	31.64	2.18	107.51	9.90
1886	37.13	5.49	112.78	5.77
1887	40.99	3.86	118.24	5.46
1888	45.87	4.88	118.86	0.62
1889	51.54	5.67	125.10	6.24
1890	58.53	6.79	134.94	9.84
1891	59.84	1.51	142.81	7.87
1892	63.01	3.17	150.82	8.01
1893	67.02	4.01	156.08	5.26
1894	70.43	3.41	162.39	6.31

In regard to the rate of interest we may say that about this date it was $3\frac{1}{2}$ or 3%. In 1885 the *Zentrallandschaft* had already issued for the account of the Saxon *Kreditverband* land bonds to the amount of 1,500,000 marks at $3\frac{1}{2}\%$; in the next year a new issue was made at 3%. This tendency towards lower rates of interest was so marked that the bonds issued at 4% were later on converted into $3\frac{1}{2}\%$. So it may be saidt hat at the end of the third ten years (1885-1894) the type of land bonds, whether issued by the Saxon Landshaft or by the *Zentrallandschaft* for its account was that of $3\frac{1}{2}\%$. This is confirmed by the following figures for the end of 1894 (in millions of marks):

3 1/2 % land bonds issued by the Zentrallandschaft . . .	57.2
3 % " " " " " " " " . . .	5.4
3 1/2 % " " " " " " Saxon Landschaft . . .	4.3
4 % " " " " " " " " . . .	3.4
4 % " " " " " " Zentrallandschaft . . .	0.2

To complete our remarks on the work of this Landschaft during the third ten years of its existence we shall briefly mention the important additional alterations introduced into the rules during this period.

In the ten years 1885-1894 the rules were amended three times in succession, in 1887, in 1889 and in 1893. We shall only mention the changes made in 1887, as they alone were really important.

In the first place it must be remembered that in that year the rules were completely revised so as to bring them into conformity with those of the other Landschafts of the Kingdom of Prussia. Among other changes introduced at that date we must mention a further extension of the maximum limit for loans, that could henceforth be granted up to $\frac{2}{3}$ of the amount of the value of the holding. This value was simply fixed at 30 times the taxable revenue. If, as a result of a special estimation, it was found that the value of the holding was higher than that fixed for purposes of the land tax, the maximum limit might be raised to 24 times the taxable revenue. Further, in exceptional cases, when improvements had been undertaken on the holdings such as to increase their value considerably, when the value of such holdings was shown to be not less than at least 50 times the net taxable revenue, the Management of the Landschaft might grant loans up to 30 times that revenue. Finally, we must further mention that, in 1887, the new rules allowed the formation of a new capital of the Landschaft's own, as in the case of the other Landschafts. We shall note here in passing that this fund, approved in 1887, amounted in 1891 to 66,300 marks and in 1913 to 2,708,000 marks.

(d) *From 1895 to 1913.*

The next period also (1895-1913) is of quite special interest, because characterised perhaps more than the others, by the influence the general economic and financial conditions have had on the Landschaft under consideration.

We shall mention here, in this connection, three principal events, the conversion effected in 1895, the new issue of 4 % bonds in 1908 and, finally, the important modifications of the rules (for the most part made also in the rules of the other Landschafts).

In reference to the first of these three facts, we shall say that the period of abundant supply of money, lasting up to 1896, induced both the State and the private institutions to lower their rate of interest on loans. And the Landschaft of the Province of Saxony also profited by the situation converting its $3\frac{1}{2}\%$ bonds to 3 %.

The period from 1890 to 1900 was marked by an enormous development of German industry and exportation of industrial produce. This naturally created a great demand for money; it is enough to point out that, during the five years 1895-1900 alone, the value of the securities placed on the German market exceeded the enormous figure of 12,000,000,000. Of necessity this abnormal situation affected the rates of interest and discount; the official rate of the Imperial Bank was raised to 7 %

in 1899. These facts of course had their influence on the price of the land bonds of the Landschaft, and Zentrallandschaft; so much so that, for example, the price of the 3 $\frac{1}{2}$ % bonds of the Saxon Landschaft, which on January 1st., 1895 were quoted at 104.50, in 1900 varied between a maximum of 97.75 and a minimum of 91.

The crisis of 1901 caused a new general reduction of the rate of interest, so that in 1904 the price of the bonds of the Landschaft of the Province of Saxony varied between a maximum of 101 and a minimum of 99. But the severe crisis occurring in 1907 again reduced the price of the bonds of the Landschafts; and those issued by the Landschaft of the Province of Saxony were not exempt. So we find that in that year the price of the bonds was again reduced to between 95 $\frac{1}{2}$ and 90 $\frac{1}{4}$, to the serious loss of the institute issuing and the holders of the bonds. But the Management of the Landschaft could do very little to arrest this reduction of prices, which was due to causes of a general nature. The high price of money counselled and even imposed the issue of bonds at a higher rate; and the *Deutsche Hypothekenbank* had already issued some at 4 $\frac{1}{2}$ %. The Landschaft of the Province of Saxony followed this example and issued a new type of bonds at 4 %.

It is not our affair to show here the effect of the agricultural crisis, to which we have already referred and which were fully discussed in a Conference organised by the Department of Agriculture in 1894. We shall limit ourselves to showing the practical effects of this Conference on the work of the Landschaft, especially in new amendments of the rules.

We shall note the most important of these, that of 1896, by which the smaller holdings were admitted to the benefits of the Landschaft, as the net minimum revenue the farms had to have before they could be mortgaged to the Institute was reduced from 150 to 90 marks. This meant that the Landschaft became considerably more democratic.

In 1898 the work of the Landschaft was completed by the foundation of the *Landschaftliche Bank* of the Province of Saxony. The object of this institute is to facilitate the development of the Landschaft, occupying itself, according to the example of similar banks founded in connection with some other Landschafts, with credit and banking business, in connection with the loan business of the Landschaft, and serving as an intermediary for the purchase and sale of land bonds and, finally, granting personal credit, supplementary to the credit granted by the Landschaft, by means of operations in current account, anticipations on amortisation accounts etc.

The capital of this bank is now 3,000,000 marks, of which 2,225,000 marks have been supplied by the Landschaft.

In the fifteen years of the existence of this Bank, as many as 749,000 marks have been paid in to the administration fund of the Landschaft by it. It has also formed an ordinary reserve fund of 273,217 marks and a special reserve fund of 153,510 marks.

But the work of the Landschaft of the province of Saxony has not only become more intense, it has extended also in respect to the territory in which it works. In fact, in 1909, the Duchy of Anhalt was included in the

territory of its legal district and in 1911 the Duchy of Saxe-Altenburg was similarly included.

Finally, the years 1911 and 1913 were characterized by new and important modifications in the working of the Landschaft, modifications tending more and more to enable small holdings to benefit by this institute. As previously mentioned, the largest concession made in favour of small holdings, in regard to their participation in the benefits of the Landschaft was that of 1896, when the minimum revenue required for the holdings benefiting by the Landschaft was reduced to 90 marks. In 1913 it was further decided that even rural holdings (*Landgüter*) having a net taxable revenue of less than 90 marks could contract loans with the Landschaft, provided they could be considered as autonomous farms (*selbständige Acker-nahrungen*), that is to say that their owners derived their principal revenue from the farming of them. Otherwise the limit remained fixed at 90 marks.

§ 4. THE PRESENT POSITION.

To give an idea of the continually increasing importance of the mortgage credit business of the Landschaft, not only in its total amount, but above all in comparison with that done by other institutions (and principally by the Savings Banks), we shall give here the following figures:

• TABLE III. — *Land Credit Operations of the "Landschaft" and of the Savings Banks: 1894 to 1913.*

Year	Mortgage Loans Granted by the Landschaft		Mortgage Loans Granted by the Savings Banks	
	Amount of Mortgages at End of Year	Annual Increase	Amount of Mortgages at End of Year	Annual Increase
(Millions of Marks)				
1894	70.73	—	162.39	—
1895	80.43	10.00	168.87	6.48
1896	86.62	9.19	176.67	7.80
1897	95.70	6.08	188.68	12.01
1898	98.76	3.06	198.52	9.84
1899	100.41	1.65	207.19	8.67
1900	102.77	2.36	211.00	3.81
1901	107.77	5.00	214.71	3.71
1902	115.80	8.03	218.02	3.31
1903	121.33	5.53	221.76	3.74
1904	132.21	10.88	230.33	8.57
1905	141.46	9.25	237.72	7.39
1906	150.58	9.12	243.78	6.06
1907	158.15	7.57	245.66	1.88
1908	163.76	5.61	245.70	0.04
1909	172.60	8.84	246.10	0.40
1910	190.30	17.70	252.07	5.97
1911	201.86	11.56	258.92	6.85
1912	228.00	26.14	261.19	2.27
1913	244.35	16.35	—	—

We must, however, here observe that the development of mortgage credit granted by the Landschaft in recent years does not imply an increase of the burden on land, such as we had occasion to observe at an earlier period. The advantages of the credit offered by the Landschaft are now so evident to the landowners that many of them prefer to have recourse to this institute rather than to other establishments or to private persons, in order to obtain the sums they require for the extinction of earlier mortgages, as is seen in the following table:

TABLE IV. — *New Loans for Repayment of Debts: 1895 to 1913.*

Year	Total Amount of Loans Granted by the Landschaft — Millions of marks	Amounts Utilised for Repayment of Earlier Mortgages		New Loans	
		Millions of Marks	%	Millions of Marks	%
1895	10.38	5.83	56	4.55	44
1896	10.97	7.14	65	3.83	35
1897	7.61	4.58	60	3.03	40
1898	5.55	1.89	34	3.66	66
1899	3.51	1.27	36	2.24	64
1900	5.18	2.96	57	2.22	43
1901	5.38	2.42	45	2.96	55
1902	8.29	5.83	70	2.46	30
1903	6.29	3.62	58	2.67	42
1904	11.34	6.72	59	4.62	41
1905	10.07	5.82	58	4.25	42
1906	10.17	4.55	45	5.62	55
1907	8.81	5.28	60	3.53	40
1908	7.10	3.13	44	3.97	56
1909	11.41	6.33	55	5.08	45
1910	19.98	10.22	51	9.76	49
1911	13.79	7.34	53	6.45	47
1912	27.50	18.82	68	8.68	32
1913	18.88	11.37	60	7.51	40
	202.21	115.12	57	87.09	43

With regard to the number and area of the holdings mortgaged by the Landschaft, we reproduce the following table which shows to what degree small and medium sized holdings have already profited by its assistance:

TABLE V. — *Distribution of Holdings Mortgaged to the Landschaft at the End of 1913 according to Area.*

Area of Holdings	Number of Holdings	Total Area	Net Taxable Revenue	
			Hectares	Marks
2-5	134	473		23,949
5-20	977	11,600		500,798
20-50	936	30,764		1,255,235
50-100	484	32,777		1,356,600
100-200	250	29,057		998,718
over 200	316	168,352		4,290,657
Total	3,097	273,623		8,425,957

With regard to the fluctuations in the number of members in recent years we have the following figures for the period 1909-1913:

1909	2,466
1910	2,616
1911	2,712
1912	2,920
1913	3,056

Let us close these remarks on the Landschaft of the Province of Saxony with an indication of the other sources of mortgage credit in this province, giving some figures that will permit of profitable comparison of the importance of these sources and that of the Landschaft.

We shall mention here only the most important, namely the Savings Banks, Mortgage Banks, fire and life insurance societies and the public institutes. We shall say nothing of the savings banks, because, in respect to them we have already given some figures that will serve for purposes of comparison.

The German Mortgage Banks have exerted most of their action in connection with urban mortgage credit (94 %) and only recently have they begun to do rural credit business (6 %). This is true also with regard to the province of Saxony. Altogether the 14 Prussian or other (Thuringian) mortgage credit institutes have conducted operations in the Province of Saxony for no more than 13,750,000 marks, of which most have been conducted by the Central Prussian Mortgage Credit Society (*Preussische Central-Bodenkredit-Aktiengesellschaft*).

The life and fire insurance societies did rural mortgage credit business in the Province of Saxony for about 4,750,000 marks in 1912.

We shall finally mention that the other public institutes, such as the *Feuersozietäten* of the Province, the Insurance Institute (*Landesversicherungsanstalt*), etc., altogether conducted mortgage operations in the Province of Saxony to the amount of about 11,500,000 marks in 1912. To sum up, we shall say therefore that, of 555,780,000 marks, representing the mortgage credit granted in 1912 in the Province of Saxony, 244,350,000 marks were granted by the Landschaft, 261,190,000 marks by the savings banks, 13,790,000 marks by mortgage banks, 11,640,000 marks by public institutes, 4,730,000 marks by insurance companies and the rest, 24,280,000 marks, by private persons or smaller credit institutions.

ITALY.

I. THE NEW PROVISIONS IN REGARD TO AGRICULTURAL CREDIT IN ITALY.

With the object of helping Italian agriculturists to overcome their present difficulties and also to meet the views long since expressed by agricultural associations and delegations, a series of provisions tending to open up new branches of agricultural credit were put forth in a Royal Decree of October 11th., 1914, No. 1,089 (1).

The principal provisions were as follows.

Ordinary savings banks and co-operative credit societies administering a capital of at least three million francs, made up of their share capital and deposits, are authorized, until the end of the year 1915 and notwithstanding anything in their rules to the contrary, to utilise a total sum not exceeding a quarter of their share capital for agricultural credit operations; this credit may be used for the following ends:

(a) The purchase, individual or collective, of seeds, manure, anti-cryptogamic materials, remedies or insecticides and implements for the cultivation of the soil, the treatment and preservation of agricultural products.

(b) For expenses in connection with the work of sowing, ploughing, harvesting, and the first treatment of agricultural products.

(c) For advances upon pledge of agricultural products placed in general warehouses or other places of deposit guaranteeing their preservation under the good management, of whatever character, of the lending institutes, societies, private associations and public administrations.

In order especially to meet the requirements of the viticulturists, the decree very opportunely provides that the credit institutes may also make advances upon pledge of agricultural products *deposited in private storehouses* offering the above security. But in this case the institutes have the right and the duty themselves to close these storehouses. The Minister of Agriculture, Industry and Commerce is also authorized to

(1) See the "Gazzetta Ufficiale del Regno d'Italia", Rome, No. 244, October 11th., 1914. This Decree has been presented to Parliament in order that it may become law.

order the constitution and immediate working of special warehouses for the deposit of agricultural products or other merchandise (1).

The above mentioned operations will be effected by means of commercial bills, for terms of not more than one year, the rate of interest of which must not be more than the official rate.

To guarantee the Institutes mentioned and those already authorized by special laws to give agricultural credit, a special preference claim (2) has been established, in the case of loans not otherwise privileged, in regard to the products of the current year, and if the harvest is bad, the products of the following year, and this is decided at the time when the loans are granted.

This preference takes precedence of any other claims in respect to the things themselves, except those for legal expenses.

Further, during the whole of the year 1915, the decree authorizes the agricultural credit institutes legally constituted, independently of their rules to accord *direct* loans to agriculturists in those localities where "*monti frumentari*" and agricultural banks do not exist or are not working, and temporarily to take over the management of the "*monti frumentari*" and the agricultural banks which do not show profits in their working.

Power has also been given to the Savings Bank of the Bank of Naples to devote the funds of the Provincial Banks of Agricultural Credit which it administers (3), exceeding the needs of a single province, to agricultural credit operations in other provinces where the amount allotted to their respective agricultural banks is insufficient.

And again, independently of the provisions of the laws of July 7th., 1901, No. 334 and of March 29th., 1906, No. 100 (4), the institutes of issue are

(1) For all the advances upon pledge of agricultural products mentioned in this decree, if the debtor does not pay on the day specified for payment or if the products deposited show signs of deterioration and the debtor does not settle his debt within seven days from the date on which he is called upon to pay by means of a registered letter, the lending Institute has the right to have the security sold without the usual legal formalities according to the method established by the Italian Commercial Code in articles 477, 478 and 479 regarding voluntary or forced sale by public auction of articles deposited in general warehouses.

(2) That is to say a legal privilege established by article 1,958, No. 5, of the Italian Civil Code extended to the loans in relation to manures and anti-cryptogamic materials by law of July 7th., 1901, No. 334, article 5, and confirmed by the laws of March 29th., 1906, No. 100, article 23 and of July 6th., 1912, No. 802.

(3) See our article upon this subject: *The Provincial Agricultural Loan Banks and the Law of February 2nd., 1911*, in the Bulletin for April, 1911, page 223.

(4) The law of July 7th., 1902, No. 334, authorized the Savings Bank of the Bank of Naples to employ gradually two tenths of its deposits in operations of agricultural credit with the Consortiums and the institutes legally constituted, having their headquarters and working in the Provinces of Aquila, Avellino, Bari, Benevento, Campobasso, Caserta, Chieti, Foggia, Lecce, Salerno, Teramo, Cagliari, and Sassari.

The law of March 29th., 1906, No. 100, instituted a department of agricultural credit at the Bank of Sicily, with an initial fund of 3,000,000 frs., furnished by the Bank of Sicily, of an advance in current account at interest made by the Vittorio Emanuele Central Savings Bank for the Sicilian Provinces of Palermo, up to an amount of 2,000,000 frs. and not exceeding, in any case, two tenths of the savings deposits of the Bank, and of three tenths of the deposits of the Savings Bank of the Bank of Sicily.

authorized to *re-discount* the paper of the agricultural credit institutes considered in the decree in question, in accordance with provisions which will be published in special decrees.

The discount rate will be 1% less than the official rate.

But in order that the above loans may really benefit the farmers the conditions on which they are granted must not be too burdensome, the decree makes provision for this by granting complete exemption from income tax and registration and stamp duty as well as mortgage dues in the case of all operations effected by the above Institutes, as well as a reduction by half of the taxes on legal documents rendered necessary through the debtors not fulfilling their contracts.

As we have said the new provisions in favour of agricultural credit we have just dealt with satisfy, though indeed their effect is limited to the year 1915, most of the desires recently expressed by the Italian agricultural delegations and without doubt open the way for useful and effective efforts. We shall consider the results in due course.

2. MISCELLANEOUS INFORMATION.

I. — THE BALANCE SHEETS OF THE ORDINARY SAVINGS BANKS. — On December 31st., 1912, the number of the ordinary savings banks working in Italy was 186. At that date, their capital amounted to 338,869,641 frs. (1). It consisted of the total endowment funds, amounting to 1,575,098 frs., reserve funds amounting to 294,598,011 frs., a reserve fund to meet depreciation of securities and eventual losses amounting to 28,916,448 frs., and other funds amounting to 13,780,084 frs.

The total debits of the 186 banks amounted to 2,779,604,619 frs., that is to say: savings deposits and interest bearing bonds, 2,533,192,041 frs.; deposits in current account 63,260,992 frs.; debts to correspondents 14,024,604 frs., debit current accounts 9,534,100 frs., amounts borrowed on security of real estate belonging to the institutes 22,528,371 frs., debit balances from the preceding year 53,254,730 frs.; rediscounted commercial bills 15,229,923 frs.; miscellaneous debits and liabilities 68,579,858 frs.

Savings deposits, therefore, make up nearly 91% of the debits. And if we add to this amount of 2,533,192,041 frs. the 63,260,991 frs. deposited in current account, the total will be nearly 94% of the debits.

(1) See, in regard to the situation of the ordinary savings banks on December 31st., 1913, the *Annuario statistico italiano*, 2nd. Series, Vol. III, Year 1913. Ministero di Agricoltura, Industria e Commercio, Direzione Generale della Statistica e del Lavoro, 1914.

It will be interesting to consider the distribution of the deposits collected by the ordinary savings banks, in the various regions of Italy. Of course, the richest and most populous regions take the first place. Thus the largest mass of savings is found in Lombardy, then in Piedmont, Emilia, Tuscany and Venetia, 200,000,000 frs. in each case; then come Campania and Latium with more than 100,000,000 frs. each; Sicily, Marche, and Liguria with more than 50,000,000 frs. each, and, finally, the other regions, with progressively decreasing amounts. The totals are shown in the following little table, the figures representing thousands of frs.:

Lombardy	839,572	Marche	75,507
Tuscany	317,162	Liguria	53,782
Piedmont	296,630	Umbria	33,798
Emilia	279,441	Calabria	21,722
Venetia	222,474	Abruzzi	15,600
Campania	152,900	Apulia	2,845
Latium	129,760	Basilicata	642
Sicily	91,347		

Let us now consider the chief credit items. They make up a total of 3,141,706,502 frs., distributed as follows:

	Thousands of francs	Percentage
Cash	35,400	1.1
Treasury Bonds	77,075	2.5
State Securities or State Guaranteed		
Securities	1,030,402	33.0
Land Bonds	117,243	3.7
Other Securities	71,851	2.3
Brought Forward	53,283	1.7
Deposited by Other Institutes	29,702	1.0
Correspondents	25,512	0.8
Advances	53,624	1.7
Bills and Acceptances	495,957	15.8
Mortgage Credits	544,740	17.2
Credits on Notes of Hand	412,442	13.1
Special Operations	76,670	2.4
Outstanding	9,135	0.3
Other Credits	107,664	3.4

The largest credit item is that of State or State guaranteed securities. Mortgage credit and current accounts secured on mortgages also form a very important item. In Latium the loans on mortgage represent 33.8 % of the total credits of the Savings Banks. In Tuscany the percentage is 22.9, in Lombardy 21.8, and in Apulia 19.6.

The amount immediately next in importance is that of the bills and acceptances, although the discounting of bills is rather a matter for the ordinary credit institutes than for the savings banks, the latter limiting themselves to discounting bills the payment of which is certain. However, in certain regions, where the banks are not so numerous and where the large institutes have neither their head quarters nor branches, the savings banks substitute them and discount bills to a larger extent. Thus in the Abruzzi, we find, at the end of the year 1912, large amounts for their bills and acceptances, representing 46 % in the total credits. In Umbria they amounted to 41.3 %, in Marche to 40 %, in Apulia to 37.7 % and in Calabria to 30.2 %. It is easy to understand that with the continual progressive extension of the work of the large Italian banks, founding new agencies and branches in every direction, the discount operations of the savings banks will be gradually reduced. What we have said in regard to commercial bills applies equally to the credits on notes of hand, which, as is seen in the preceding table, amounted to 412,442,000 frs. and represent 13.1 % of the total credits of the banks. We shall not delay over the other items of the balance sheets as they offer nothing specially worthy of remark (1).

* * *

2. — THE NEW SAVINGS BANKS BOOKS TO BEARER. — The law of May 27th., 1875, No. 1,775, authorised the Government to issue savings bank books to bearer, in addition to the inscribed books. In order to meet the desires of the depositors and also further to promote thrift by facilitating the operations of deposit and withdrawal, the Government, by the power granted to it, instituted, by decree of December 10th., 1914 (2), books to bearer at the above banks, in accordance with the following regulations :

The right to issue savings bank books to bearer is confined to the principal post-offices.

The amounts paid into the books to bearer shall bear interest during the year 1915 at 2.52 % per ann., free of income-tax.

(1) In regard to the distribution of the ordinary savings banks in Italy and the fluctuations in the amount of deposits in the first half year of 1913, see the *Bulletino delle Casse di Risparmio ordinarie*. Ministero di Agricoltura, Direzione Generale del Credito e della Previdenza, Rome, 1914.

(2) See the *Gazzetta Ufficiale del Regno d'Italia*. Rome, No. 205, December 22nd., 1914.

The holder of the book shall be able to withdraw the whole amount in the book or any part thereof on simple presentation of the book. Repayment will be made at sight in case of amounts of less than 200 frs., and on ten days' notice in that of amounts up to 500 frs.; for larger amounts a month's notice is required. Not more than 500 frs. can be withdrawn at sight within a period of ten days; the amount of the repayments that can be made on notice must eventually be reduced by the amounts withdrawn after notice given.

Deposits in current account in other offices than that in which the application is presented cannot be withdrawn before the office paying has received confirmation of the credit from the Central Administration.

The reader will not have forgotten that by a recent law the maximum limit of savings deposits bearing interest was raised from 4,000 to 6,000 frs. This measure had two objects: it was, in the first place, intended to offer an investment for the average economies, which, if less profitable, would be more prudent and more secure than any other, and, in the second place, the economic resources of the State were increased, as it was enabled by the collection of a larger quantity of savings to give greater assistance to the administrations (Communes, Provinces, Benevolent Institutions and Land Reclamation Consortiums) which, for the purpose of carrying out works of public utility, apply for funds to the Postal Savings Department as well as to the National Workmen's Old Age and Disablement Insurance Society, to which is assigned the greater part of the interest obtained by the work of the Savings Banks, and the highly benevolent object of which is recognised by all.

The alteration made with regard to the maximum limit of savings deposits bearing interest (fixed at first at 2,000 frs.) caused a considerable increase in the amount of the deposits, so that the total credit of the depositors gradually increased from 45,000,000 frs., in the earlier years of the life of the postal savings banks, instituted in 1875, to 710,000,000 frs. at about the end of 1901, until it reached 1,500,000,000 frs. in 1909 and exceeded 2,000,000,000 frs. in 1913. To show how large the amount of the deposits in the savings banks is as compared with that in other Italian institutes collecting savings, we give the following table (1) which furnishes statistics for the period between June 30th., 1909 and June 30th., 1913. The amounts represent millions of frs.

(1) See the *Financial Statement* of the Treasurer General, Signor FRANCESCO TEDESCO, laid before the Chamber of Deputies on December 20th., 1913. Rome, Bertero, 1913.

Institutes	1909	1910	1911	1912	1913
Of Issue	100.8	99.2	110.3	91.7	100.3
Of Ordinary Credit	790.7	869.7	946.3	999.5	1,010.9
People's Banks.	653.2	699.7	710.5	701.4	687.1
Co-operative Banks.	389.6	444.3	505.1	509.8	485.8
Ordinary Savings Banks	2,323.6	2,460.1	2,555.2	2,575.9	2,649.6
Postal Savings Banks.	1,492.5	1,657.1	1,821.0	1,874.4	1,984.9
Pawn Establishments.	83.4	188.0	196.3	199.3	199.8
Rural Banks.	62.2	72.6	89.2	99.2	101.6
	5,896.4	6,490.7	6,934.1	7,051.5	7,220.4

On December 31st., 1913, the amount of the deposits in the postal savings banks exceeded two thousand million francs (2,901,547,476 frs.).

It follows then from an examination of the figures for each group of institutes that, in the five years' period under consideration, it is in the Postal Savings Banks there has been the largest increase of credit. In the period 1909-1913, the deposits collected by them increased indeed by 492,400,000.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT.

PORUGAL.

JUNTA DE CRÉDITO AGRÍCOLA. RELATORIOS E CONTAS DE HERENCIA (*Agricultural Credit Junta. Reports and Balance Sheets*). Lisbon, 1914. National Press. 67 pages.

We have already dealt in this Bulletin with the Portuguese Agricultural Credit Junta, instituted for the encouragement of agricultural credit in general and especially for the foundation and development of mutual agricultural credit banks, and, at the same time, we examined the first report of this commission. The publication we shall now deal with is the second report and it is of special importance as the results of the work of the Junta begin to be seen in it.

In view of the importance of the matter of agricultural credit for Portuguese rural economy and the abundance of information included in the report under consideration, we shall devote an article to the subject in an early number of our bulletin in which we shall be able to treat the matter more at length than is possible in a brief notice of this kind.

We shall therefore limit ourselves now to stating that during the year 1913-1914 to which the report refers, 11 agricultural mutual banks were founded, all with unlimited joint and several liability of members, so that, with the 26 others previously founded, there are now altogether 37 of these banks working.

In regard to the influence exerted by these institutions in the regions in which they work the report attributed to it the following results :

- (1) A reduction of the rate of interest charged by private lenders to the maximum rate charged by the banks, that is 5 % ;
- (2) the facilitation of business and higher prices for produce ;
- (3) the extension of the area under cultivation and an appreciable improvement in agricultural methods.

Part IV: Miscellaneous

BELGIUM.

THE LAND SYSTEM, AGRICULTURAL LABOUR AND LABOUR CONTRACTS IN THE BELGIAN CONGO.

OFFICIAL SOURCES :

ANNUAIRE STATISTIQUE DE LA BELGIQUE ET DU CONGO BELGE : Année 1913 (*Statistical Year-Book of Belgium and the Belgian Congo : 1913*). Brussels, A. Lesigne, 1914.

L'AGRICULTURE DU CONGO BELGE. Rapport sur les années 1911 et 1912 présenté à M. J. Renkin, Ministre des Colonies, par le Directeur général de l'Administration de l'Agriculture au Ministère des Colonies. (*Agriculture in the Belgian Congo. Report for 1911 and 1912, submitted to M. J. Renkin, Minister of Colonies, by the Director General of the Administration of Agriculture at the Ministry of Colonies*) From the " *Bulletin Agricole du Congo Belge* ", Brussels, N° 1, March, 1913.

DOCUMENTS POUR LE SERVICE DE L'AGRICULTURE ET POUR LES COLONS AGRICOLES (*Documents for the use of Agriculture and Farmers*). Brussels, Industrial and Financial Printing Press, 1913.

OTHER SOURCES :

DE LANNOY (Charles) : L'organisation coloniale belge (*Belgian Colonial Organisation*). Brussels, Lamertin, 1913.

IBAÑEZ DE IBERO (C.) : La mise en valeur du Congo belge (*The Utilisation of the Belgian Congo*). Paris, Recueil Sirey, 1913.

VAN DER LINDEN (Fritz) : L'avenir du Congo belge (*The future of the Belgian Congo*). In the " *Revue Economique Internationale* ", Brussels, N° 2, May 15th.-20th., 1914.

VANDERVELDE (E.) : La Belgique et le Congo (*Belgium and the Congo*). Paris, Alcan, 1911.

In writing on the Belgian Congo it is not our intention to relate the history, rich in lessons, of the several phases and vicissitudes through which this colony has passed before reaching its present status (this history

is well-known and has recently been written by Emile Vandervelde) (1), but to give a brief account of the land system of the country and of the solution given to the two problems of agricultural labour, and labour contracts which are among the most arduous and delicate in colonial administration.

The area under Belgian sovereignty since 1908 amounts to about 2,365,000 sq. km. It is divided into twenty-two districts which are again subdivided into zones, sections, stations and native chieftainships, or districts placed under a native chief, amounting in all to 3,642.

The native population is calculated at 15 million, mostly belonging to the Bantu tribes. On January 1st., 1912, there were 5,465 foreigners in the Colony, almost all (3,307) of whom were Belgians.

The Colonial government in the mother-country is headed by the King, assisted by a Colonial Minister responsible to Parliament. The King exercises the legislative power by means of decrees, except in matters regulated by law, and the executive power by means of regulations and ordinances. A colonial council, consisting of 14 members and presided over by the Minister of Colonies, deliberates on the questions submitted to it from time to time.

In the Colony the King is represented by a Governor-General, assisted by one or more vice-governors, and by a certain number of directors placed at the head of the more important administrative services. The judicial authority is in the hands of an attorney-general, who represents the Colonial Minister in the exercise of executive power in judicial matters.

The Governor General exercises the executive power entrusted to him by means of ordinances, and although he cannot legislate, he is authorised, in case of urgent need, to suspend temporarily the execution of given decrees, and to issue ordinances having the force of law. Since 1913 he is also entrusted to elaborate, with the assistance of a special commission, a scheme for a local budget, which may serve as a basis for drawing up the final budget. The budget is submitted year by year to the Legislative Chamber, along with a report on the administration and general situation of the Colony. The Chambers vote the estimates, and pass the general statement of expenditure for the previous year, after it has been approved by the Auditing Court.

Having stated these preliminary facts, we will now get to our subject.

§ I. THE LEGAL CLASSIFICATION OF LAND.

In studying the land-system of the Colony it must first be noted that all land is officially classified under three categories: 1, registered land the private property of the non-natives; 2, land held by natives in which they have a right of occupation; 3, crown lands, including vacant lands

(1) See: VANDERVELDE EMILE: *Le Belgique et le Congo, le passé, le présent, l'avenir.* Paris, Alcan, 1911.

and those administered by the State. We shall briefly examine these three categories.

I. — *Registered Holdings*: They are the only ones held in fee simple by private persons. They comprise: (a) land to which non-natives had acquired title before July 1st., 1885, date of the establishment of the Congo Free State; (b) land ceded to private persons by natives or by the Administration of Crown Lands, in due legal form.

The exercise of the right of property is subject to registration, a formality which consists in entering an accurate description of the estate in a special register, indicating its juridical status, and the servitudes and charges of every description to which it is subject. A certificate, containing the particulars inscribed in the land register, is handed to the owner (ordinance of November 8th., 1886). All subsequent transactions modifying the juridical status of the estate must likewise be registered. Registration is the sole formality required for the legality of any contract dealing with real estate (sale, transfer, lease, etc.). As a rule, the keeper of the land register himself witnesses agreements and contracts are drawn up in his presence. But in the absence of the parties to the contract the registrar can register same on the presentation of an authenticated deed (Ordinance of February 23rd., 1906).

The system above described (1) has the double advantage of simplicity and safety. As the registration certificate is transferable, the transfer of real estate in the Congo is as easy as the transfer of shares in a company. On the other hand, as every alteration in the title to the land has to be inscribed in the land register and recorded on the certificate of registration, this latter contains all the data requisite for drawing up a contract.

Before registration, holdings are generally surveyed by a government surveyor. They are entered in the cadastre on plans drawn up for each commune.

The ordinances and decrees regulating the status of registered land only recognise the right of purchase in foreigners. This right has, however, also been conceded to enrolled or registered natives (2) who enjoy the same civil rights as foreigners.

II. — *Holdings occupied by natives*: In accordance with the decree of June 3rd., 1906, all land inhabited, cultivated, or in any way utilised by natives, by gathering the spontaneous products of the soil, extracting minerals, etc., comes under this category.

Moreover, to allow the natives to continue cultivating the soil according to their own methods, and to encourage them to undertake further cultivation, the above mentioned decree assigns to each village an area

(1) In substance, as the reader will see, this is the Torrens system, first introduced into South Australia by act of July 2nd., 1858, and since extended to other parts of Australia and introduced in Tunis in 1885.

(2) A native is enrolled either directly, at his own request, or by official act, in the registers, or, indirectly, by the entry of his birth or marriage in the official records.

three times the size of that occupied or cultivated by it, and this limit may be exceeded. The Governor General is required to determine and take official cognizance of the nature and extent of the rights of occupation of the natives.

As to the nature of these rights, opinions differ owing to the vague wording of the 1906 decree. But according to the prevailing opinion the expression "rights of occupation" merely means, "occupation which may entail obligations of the State towards the natives". According to this interpretation the task of the Administration is reduced to determining the nature of the occupation, that is to say whether it be permanent, temporary, general or restricted, etc.; the natives are never considered as owners, but only as users of the soil, the title to which is vested in the Crown.

But if the 1906 decree does not clearly define the rights of the natives, it does formally recognise their right to the free enjoyment of the land they occupy. They may, therefore, use such land as they please, but they may not part with it to outsiders without the consent of the Governor. This reservation, contained in the legislation of all African colonies, evidently aims at protecting the natives against dishonest European and native traders.

III. — *Crown Lands*: These fall into two groups, 1st., the land purchased by the State for purposes of public utility, the area of which is restricted; and, secondly, vacant land which, at the date of the establishment of the Congo Free State, constituted the major part of the territory.

With reference to the first class it must be mentioned that the State can acquire land in the same way as private parties. It can also have recourse to compulsory expropriation for reasons of public utility. In the usual course of things, expropriation is effected on the strength of a decree, but in exceptional and urgent cases an ordinance issued by the Governor is sufficient. If terms cannot be arranged with the owner, the decree or ordinance of expropriation is made executive by the court, which fixes a fair compensation on the basis of a valuation.

Land is considered vacant when neither registered nor occupied by natives. In declaring it Crown land, the ordinance of July 1st., 1885, simply enforced the principle recognised by art. 539 of the Belgian civil code, according to which "vacant property, without an owner, belongs to the Crown". The vacant land in the Congo is, indeed, without owners, as no private person could show a legal title to lay claim to it, for it is not registered, and no natural title, for it is unoccupied.

Of the Crown lands a portion is withdrawn from commerce, such as rivers, river banks, water-courses, etc., and is not therefore susceptible of being held as private property. The remainder is State property; the land can be utilised by the State as it would be by any private owner; it comes within the domain of commerce, and therefore can be alienated.

§ 2. THE PRINCIPAL RULES REGULATING THE GATHERING OF PLANT PRODUCTS ON CROWN LANDS.

Belgian colonial history can be divided into two different periods and systems as far as the economic policy of the Government is concerned. The first, inaugurated in 1891, and rigorously carried out by the Free State, especially after 1901, is characterised by the tendency to reserve exclusively to the State the right of gathering and utilising the natural products of the soil to the exclusion of the natives. The second period dates from the annexation of the Congo to Belgium: the decrees, issued during this last period are inspired by two principles, in the first place the gathering of natural products on Crown lands is left to private enterprise, the State merely receiving a fixed sum in payment, and, in the second place, agricultural, commercial and industrial enterprises are encouraged by selling or leasing the land at a low figure.

The fundamental decree on this subject is that of March 22nd., 1910, which put an end to the system of gathering and utilisation by the State of plant products on Crown lands. Ever since July 1st., 1912, vacant land has been thrown open to private enterprise, with the exception of five forest reservations, covering a total area of 600,000 hectares.

The right of gathering natural products, is, however, subject to certain conditions prescribed by the aforementioned decree, which vary according to the persons and the products. The Congo natives can gather these products on the strength of a general authorisation, without having to make any payment or fulfil any formality. This concession being made in favour of the natives, the right of gathering is subject to a permit which must be procured (a) by those who gather the products personally; (b) by those who have them gathered by a native or non-native staff in their service; (c) by those who purchase products gathered by the natives. Although the permit is granted nominally to a specific person, it is understood as granted to the business concern which gathers or receives the products; so that if an individual is connected with several business houses he must obtain a permit for each one of them.

The permit is valid for a year, and is subject to a fee of 250 francs if it covers the right to gather rubber and copal, which are the only natural plant products of notable commercial value for exportation. If, instead, it covers other plant products it is granted free of charge.

To prevent the extinction of the rubber plants the decree of December 3rd., 1909, has placed a duty of 40 centimes per kilogram on rubber gathered from trees and creepers on crown lands and of 20 centimes per kilogram on rubber collected from grasses; the revenue thus secured is laid out by the Government on plantations intended to compensate for the impoverishment of the natural sources of production.

The decrees which regulate the gathering of plant products on Crown lands do not contemplate forest products, as, hitherto, they have formed

a negligible factor in colonial trade, and the need has not therefore been felt of systematically organising the utilisation of forests for trade purposes. So far the only measures taken with regard to forests are those which safeguard the rights of the State and prevent their destruction. The regulations now in force are those contained in the decree of July 4th, 1912, regulating the right of felling trees in Crown forests which have not been leased nor granted in concessions. They differ with regards to wood for fuel and timber for building purposes, and may be summarised as follows: every person legally established in the Colony is at liberty to fell, cause to be felled, or purchase from natives, wood for fuel needed for domestic purposes; but he must be provided with a permit, the cost of which varies from a minimum of 50 to a maximum of 1,000 francs, if he wishes to fell or purchase such wood for sale or industrial purposes. Such a permit is not required, as a rule, by natives.

As for building timber, the Congo natives are authorised to fell what they require for their own use. All other persons, however, must secure a permit from the district commissioner, even if the timber is for their own needs. If the timber is for use other than in the erection of buildings for the holder himself, and for the fittings and furniture thereof, a fee of 5 francs must be paid for each cubic metre of timber felled.

§ 3. CONDITIONS FOR THE SALE AND LEASE OF CROWN LANDS.

The sale and leasing of Crown lands is regulated by a royal decree of February 23rd., 1910. It only deals, however, with small areas conditions for which may be arranged by the Governor himself without the intervention of the central Government. As, however, the Government wishes to have a uniform system for all its land legislation, the provisions of this decree may be considered as typical of the main outlines of its policy for the cession of Crown lands. Some of the provisions of the decree are applicable to all contracts, others deal exclusively with those touching certain special categories of land. Of the former the most important are:

(a) The Colonial Minister decides on the districts in which and the periods for which the Governor General is authorised to sell or to lease Crown lands.

(b) Requests submitted to the Governor must state the use the applicant intends to make of the land.

(c) A lease cannot be made for more than 15 years.

(d) The owner or lessee must, within six months of signing the contract, occupy the land purchased or leased, or place a representative or his on the same. Subsequently, he must take up permanent and effective residence thereon, and personally carry on his trade or industry, or have there as representative a person registered in the Colony. If he fail to take up settled residence there for a period of five consecutive years

in case of purchase, or for one year in case of a lease, the land reverts to the Colony, and the payments made thereon are forfeited.

The purchase price and the conditions of the contract vary according to the locality and the use to which the land is to be put. In urban districts land is sold or leased in lots in accordance with a plan and price fixed by the Administration. If there are many applicants, the sale or lease may be adjudged by auction. The lowest price for sale is 1 franc per sq. metre.

Outside of the urban districts and of the stations, that is to say at a distance of more than 3,000 metres from the former and 1,500 from the latter, land is sold or leased in sections of variable size, according to a tariff drawn up by the Governor General.

The price of land intended for farm use is as follows:

(a) For a radius of ten kilometers adjoining urban districts, railways, or navigable water-courses, the price is 25 francs per hectare.

(b) Beyond this zone the price is 10 francs per hectare. If, however, the land is intended for industrial use the sale price is 1,000 francs per hectare. This price is also charged for land intended for farms.

Rents are uniformly fixed at 5 per cent. of the sale price.

In the district of Katanga the sale and leasing of land is subject to special regulations issued on May 1st., 1910. These draw a distinction between urban and suburban land, and land used for farms, and special rules are laid down for land set aside for agricultural purposes, the breeding of live-stock, and other agrarian uses. This latter category of holdings is in turn subdivided into three classes:

The first includes land adjacent to the suburban zones, to railways, and to navigable water-courses, or in the neighbourhood of mining centres, especially suited for the raising of crops, planting with orchards, fattening stock, and the dairy industry. These holdings are let or sold in sections of 100 to 200 hectares. The sale price is 25 francs per hectare.

The second class includes land suited for extensive agriculture, stock-breeding, and agricultural industries, situated at not less than 5 kilometres from the outer edge of the suburban zone and mining districts, or 5 kilometres from railways and navigable water-courses. These holdings are let or sold in sections of 200 to 1,200 hectares at a sale price of 7 francs per hectare.

The third and last class consists of land intended for use as cattle ranches, situated at a distance of at least 15 kilometres from the boundaries above referred to. It is sold in sections of 1,200 to 5,000 hectares, at a price of 2 francs per hectare.

A wise provision enacts that agricultural land is not definitely sold or let until after a preliminary period of occupation, lasting for 5 years, during which the applicant or his agent must have begun making use of the land in accordance with prescribed conditions, which vary with the different classes of land.

Before entering into possession of his lot the applicant must sign a contract which lays down the conditions of preliminary occupation, as

also those of the subsequent sale or lease. The occupier pays an annual rent equivalent to 5 per cent. of the price of the land.

The purchase price is paid on the registration of the contract. The purchaser may however, discharge his debt in 10 annual instalments, paying interest on same at the rate of 4 % per annum.

If, after 5 years of preliminary occupation, the occupier has failed to utilise the land in the way prescribed, he forfeits the right to purchase or lease.

What has been said as to preliminary occupation of lands holds good only for Katanga, but the Government intends to introduce the same system into the other parts of the Colony.

Noteworthy proposals have recently been made by the Colonial Minister in a report on the agricultural situation of the Colony (1) with reference to the colonisation of Equatorial Congo, so different to Katanga in physical conditions and economic importance. These proposals are based on the following principles: 1, facilitation of the purchase and lease of agricultural lands, especially in the case of holdings of less than 300 hectares ; 2, exemption from taxation of all rural buildings for a period of ten years ; 3, abolition of customs duties on all requisites for the plantations, and of the tax due on agricultural labour; 4, abolition of export duties on agricultural products, and reduction of rates of carriage ; 5, organisation and facilitation of agricultural and mortgage credit.

§ 4. THE LABOUR QUESTION AND LABOUR CONTRACTS.

The question of labour is certainly one of the most complex and delicate which the Colony has to face. The scanty population, the limited number of white colonists, and, more especially, the uncivilised state of the natives, have compelled the Government not to limit its action to regulating the relations between employers and employed, but to regulate also the mode of recruiting labour. It is therefore a two-sided problem, dealing, on the one hand, with the enrollment of labour, on the other with the conditions of employment. Let us examine separately the two sides of the question and the solution given to them.

(a) *The Enrolment of Labor.* Before the annexation of the Congo to Belgium the lands of the Colony were exploited mainly by the State for its own benefit, and work was mainly limited to gathering the natural products of the soil, the natives being compelled to give their labour as a tax due to the State. When a plantation had to be laid out or a road or a railway built, this legal obligation laid on the natives supplied the requisite labour. Whites were only employed as directors or overseers: they were

(1) See the volume "L'agriculture du Congo belge", quoted amongst the sources of the present article.

engaged by the Administration or enlisted for a certain time in Europe. Even when the State left to private parties the exploitation of Crown lands, the main exports still consisted of the natural products of the soil. Europeans generally restrict their transactions to purchasing from the natives the products they gather, they are therefore traders rather than producers. On the other hand, the amount of labour required for plantations, buildings and mines is comparatively small. All this explains why, in most of the Congo, there is not yet a regular and considerable demand for labour.

Conditions are different however in Katanga. In this region there is, on the one hand, a great demand for labour, due more especially to the growing importance of the mining industries, and on the other hand the Belgian-Congolese population, which elsewhere has no competition to meet, here comes in contact with Anglo-Rhodesian competition. Moreover, the temperate climate of Katanga is suited to Europeans who can settle there, which is not possible in the other districts, and this naturally affects the organisation of labour.

In view of all this the most urgent question to be solved after annexation was that of encouraging the immigration of Belgians into Katanga.

The means employed for this purpose are the payment to Belgians of good character and fit for labour of an indemnity to cover, in all or in part, the cost of the journey, including not only the travelling expenses of the emigrant himself, but also those of his wife, children, baggage, furniture, etc. Full expenses are only allowed to third class passengers.

The Government also encourages undertakings, more especially if started by companies, for settling groups of colonists in this district. Such an effort was made by the *Compagnie foncière agricole et pastorale du Congo*. This company recruited colonists on the following conditions: each colonist received travelling expenses and a year's maintenance, during which time he was in the direct employment of the company. At the end of the year the Company granted the colonist lands which he could, at choice, purchase, rent, or take on the crop-sharing (*métayer*) plan, lending him the requisite plant and live-stock. The loan was secured on the land. The Company had received a free grant of 150,000 hectares of land from the Special Committee which administers Katanga, but the means at its disposal were inadequate for carrying out so ambitious a scheme, and in 1912 it returned the land and the settlements to the Government.

In the case of coloured labour the Government only regulates the mode of recruiting the natives. This is provided for by a decree of August 17th., 1910, amended by that of January 25th., 1912, of which the following are the main features: 1, The recruiting of labour is, in a general way, sanctioned throughout the Colony. Nevertheless, for reasons of public interest, which must be stated, the Governor General may forbid it in specified districts and for certain periods, or may make it subject to special conditions. 2, The definition given of recruiting by the decree of January 25th., 1912, is that of a person, native or other, conducting or attempting to conduct, engaging or attempting to engage natives to be employed at a distance exceeding 10 kilometres from their

customary residence. The provisions of the decree are, therefore, not applicable to persons employing labourers residing in the immediate locality. The aim of the decree is to protect labourers engaged far from their homes from the arbitrary tyranny of contractors. 3, No one may enroll labourers without a special permit. This is granted free of charge to persons engaging labourers on their own behalf, or for a single private individual or company of which, for at least three months, they have been the sole agents. In all other cases such permit is granted on payment of a fee of 100 francs. It, therefore, only affects, generally speaking, those persons who make a profession of recruiting labourers. The permit, which is valid for a year, may be suspended on serious grounds. 4, All persons engaging labourers are required to make suitable provision for their maintenance. If employment should not be found for such men, and if they should ask to be repatriated within a month of their arrival at their destination, the recruiting agent must comply with their request. This obligation does not hold good from the time that the labourer enters the service of an employer, nor if he should wilfully refuse the situation offered him.

(b) *The labour contract.* The decree of August 17th., 1910, on the recruiting of labour also regulates labour contracts, by which "a native of the Congo or adjacent colonies, whether he be registered or not, agrees to enter the service of an employer who is not a native of the Congo". The nature of the services to be rendered is not specified; consequently the decree applies indiscriminately to workmen, peasants, employees, servants, etc. The above definition also shows that the labour-contract stipulated between Europeans and natives is placed on the same footing as an ordinary contract, regulated by the civil code or by local custom.

On the strength of this decree any native can legally hire his services to an employer. But natives placed under the protection of the State or of recognized associations, cannot until they have attained their majority or on their emancipation, legally hire themselves out without the consent of their guardians. This special provision was made in the interest of young natives who might engage themselves as labourers in order to escape from the educational discipline to which they are subjected. Women are also forbidden to hire themselves out without the express or tacit consent of their husbands, or, if unmarried, without that of the judicial or administrative authorities. The terms of the labour contract are drawn up by the parties to the same, subject to the following restrictions:

1. — No contract is valid for more than three years. When its duration is not stated in the agreement, or is not made clear by the nature of the work undertaken, it is determined by custom, and may not exceed three months.

2. — The wages must be agreed upon and paid in cash.

3. — All workers, including probationers, must be supplied with a book stating, amongst other things, the mode of payment of salary.

Unless agreed to the contrary, the employer is required to supply the labourer with board and lodging, and to pay him his wages each month, or each week if board and lodging is not given.

Lastly, regardless of any stipulation to the contrary, the employer is bound: (a) to see that the work is performed under suitable conditions of safety and hygiene; (b) to allow the labourer four days' leave a month without making any deduction for cost of food and lodging; (c) to provide, within the limits of possibility, proper treatment, for sick or injured labourers for a length of time at least equal to that granted for sick-leave which, except for agreements or customs to the contrary, varies, according to circumstances, from a fortnight to a month; (d) finally, he must provide, on the conclusion of the contract, for the return of the labourer to the locality in which the contract was drawn up.

The observance of these provisions is enforced by suitable penalties.

§ 5. SOME DATA ON THE ECONOMIC DEVELOPMENT OF BELGIAN CONGO.

It is of interest to follow up the above particulars on the land system, labour, and labour contracts in the Belgian Congo by some data on its economic development, which we take from the Statistical Year Book of Belgium for 1913, recently published. We will first glance at the finances of the Colony:

The Budget of the Colony. — The ordinary receipts and expenditure of the Colony for the fiscal year 1913 amounted respectively to 40,418,100 frs. and to 50,933,064 francs. The principal receipts were derived from direct and personal taxation (fr. 10,142,000), custom's duties (fr. 8,261,500), transport dues (fr. 3,785,000), and the mineral output (fr. 3,780,000). Taxation on rubber and rubber plantations yielded 2,250,000 francs; that on ivory 2,110,000 francs. The most important items of expenditure are those for the general internal administration of the Colony (fr. 25,295,647) and for the administration of finances and mines (fr. 6,488,795). The outlay on agriculture amounted, for that year, to 1,003,300 francs; that on industry, commerce, and immigration in all to 988,671 francs.

Production. — Apart from plants cultivated by the natives for their own use, the more important of which are tapioca, sweet-potatoes, sorghum, bananas and ground nuts, the leading products of the Congo are rubber, ivory, palm-nuts, palm oil, and copal. The Government encourages the cultivation of rubber, cocoa, cotton and coffee.

The output of gold and copper is also constantly increasing. The Kilo mines yielded, in 1912, 740 kgs. of gold and those of Moto 245 kgs.

Commerce. — The foreign trade of the Belgian Congo for the period 1896-1912 is shown by the following table:

TABLE I. — *The Import and Export Trade of the Belgian Congo.*

Years	Special Trade		General Trade	
	Imports Fcs.	Exports Fcs.	Imports Fr.	Exports Fcs.
			Fr.	Fcs.
1896-1900 (yearly average)	21,508,728	35,202,947	24,711,700	29,771,839
1901-1905 id.	21,099,780	52,015,706	35,188,780	61,512,080
1906-1910 id.	26,443,836	56,662,785	33,574,203	76,960,388
1910	36,846,508	66,602,295	43,979,142	95,598,698
1911	48,632,877	54,052,426	58,385,060	78,955,399
1912	54,232,878	59,926,399	62,228,986	84,265,394

The most important trade of the Congo is that done with the home country; in 1912 the imports from Belgium amounted to 35,866,354 francs, and the exports to Belgium to 54,183,192 francs.

The special trade for 1911 and 1912, according to information given by the Colonial Office, was as follows:

TABLE II. — *General Results of the Foreign Trade of the Belgian Congo.*

Description	Imports		Imports	
	1911 Fcs.	1912 Fcs.	1911 Fcs.	1912 Fcs.
			Fr.	Fcs.
1. Live Animals	459,597.72	779,490.52	"	"
2. Drinks and food stuffs .	11,011,990.35	11,145,888.93	919,521.93	1,132,890.70
3. Raw or semi-prepared material	2,315,232.15	3,241,681.48	48,278,406.99	54,218,434.58
4. Manufactured goods . . .	34,896,056.97	39,065,817.35	1,735,447.56	1,252,852.65
5. Gold and silver ore . . .	"	"	3,119,050.01	3,322,221.39
Totals . . .	48,632,888.19	54,232,878.28	54,926,399.49	59,926,399.32

The principal exports in 1912 were rubber (fr. 34,796,103), copal (fr. 6,384,862), ivory (fr. 6,075,550), copper ore (fr. 4,112,400), gold ore (fr. 3,322,221), palm-nuts (fr. 2,770,880), palm oil (fr. 1,252,853), and cocoa (fr. 1,115,001).

Shipping. — During 1912, 268 ships (817,661 tons) entered the ports of Boma and Banana, and 269 (820,161 tons) cleared these ports.

BULGARIA.

DISTRIBUTION OF LAND ACCORDING TO CROPS AND TENURE.

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Статистически Годишникъ на Българското Царство. (*Statistical Yearbook of the Kingdom of Bulgaria*). Sophia, State Printing Press.

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§ I. GENERAL FEATURES.

Situation, Arable Soil, and Climate.

The Kingdom of Bulgaria is considered, in the present article, as it was before the Peace of Bukharest (1). It occupied that part of the Balkan peninsula lying between $41^{\circ} 36' 12''$ and $44^{\circ} 12' 30''$ North latitude and between $22^{\circ} 12' 45''$ and $28^{\circ} 36' 45''$ longitude East of the meridian of Greenwich, and its total area was 96,345.5 square kilometres. (2).

The country presents a fortunate combination of high mountain chains surrounding and protecting vast fertile plains. At the foot of peaks, many of which exceed 2,000 metres in height, (Moussalla for instance, the highest in the kingdom, attains 2,923 metres), plains, of which the lowest point above sea level is 200 metres, extend as far as the eye can reach. For the whole of Bulgaria the average altitude is 425 metres, and the total area of the territories of the various levels is thus divided :

From	0 to	200 m. altitude	35,545.9 sq. km. that is	37.3 % of the whole country
"	200 "	500 "	31,439.8 "	33.0 "
"	500 "	900 "	16,068.8 "	16.9 "
"	900 "	1,400 "	9,111.9 "	9.6 "
"	1,400 "	2,000 "	2,570.6 "	2.7 "
"	2,000 m. and over		486.8 "	0.5 "
Total . . .			95,223.3 (3)	100.0

In view of the local conditions, climatic and others, this shows that about 7 % of the total area of the kingdom is land adapted for the most intensive cultivation.

(1) Bulgarian statistics, even the most recent, as for instance those issued a few weeks ago in regard to landed property (see "Sources"), contain no particulars respecting the territories that became Bulgarian by the peace of Bukharest. Under these circumstances, we must confine ourselves to particulars collected before the war.

(2) According to the calculations made at the Staff Office of the Bulgarian army. The figures given for the area vary considerably (from 95,225.2 km., according to Jourdan Dantschoff and Ischirkoff, to 99,276.0 km., according to T. Karakascheff) and are so uncertain that the Official Statistical Yearbook gives two different estimates; that given above appears through the greater part of the book, the other, which is less (95,223.3 km.), in the first chapter which treats of territory and population (See "Yearbook" 1910, p. 4). Owing to this anomaly we must take sometimes the one estimate, sometimes the other.

(3) See note 2.

The great mountain chains of Rilo-Rhodope, Ossogovo, Stara Planina and others divide Bulgaria into three regions, differing essentially from one another in many respects, viz. :

North Bulgaria	with	50,687	square kilometres.
South Bulgaria	"	32,977	"
South-West Bulgaria	"	11,558	"

North Bulgaria may be described as consisting of a series of terraces rising gradually from north to south from the Danube to the high table-land. South and South-West Bulgaria, extending, the one towards the Maritza, the other towards the Black Sea and enjoying a most favourable climate, are the principal centres of intensive agriculture, viticulture and gardens.

The conditions in respect to water supply are in general excellent. The numerous tributaries of the Danube in the north and of the Maritza in the south assure an irrigation fully sufficient for the cultivable regions.

With regard to climate, Bulgaria is scarcely more favoured than the rest of the Balkan Peninsula, especially in the north. The warm and beneficent west winds, checked and cooled by the high mountains, reach it dry and cold, and cannot counterbalance the influence of the north-east winds, which are the most prevalent, and which sweep unchecked with their cold breath over all the valley of the Danube. The average temperature of the months varies from about -2° in January to $+23$ in July (general average for the year $+12^{\circ}$), indicating a climate quite continental. The rainy season in Bulgaria corresponds with that of the whole of Eastern Europe, but also during the other seasons it rains abundantly. The average annual rainfall is 700 litres per square metre, and the rainfall is nowhere less than 450 litres.

Administrative Divisions : Departments, Arrondissements and Communes.

For administrative purposes the kingdom is divided into twelve departments, of which the capitals are Bourgas, Varna, Vidin, Vratza, Kustendil, Plovdiv (Philippopoli), Pleven (Plevna), Rousse (Rustchuk), Sophia, Stara-Zagora, Tirnovo and Choumen. At the head of each department is a prefect entrusted with all executive power, and especially the duty of supervising the administration of the communes, and of managing the finances of the department. An elective body, the Departmental Council, works in connection with each prefecture, its functions being to divide the taxes among the communes, to administer the property of the department, to draft the estimates of revenue and expenditure, and to audit the accounts of the local institutions under its control. The departments are subdivided into 71 arrondissements, and these again into communes, which under Art. 3 of the Constitution have a very extensive autonomy.

The commune, which serves as a basis to the edifice of the State, enjoys an almost total autonomy, with which that of no corresponding

foreign organisation can be compared. Urban and rural, they all enjoy judicial independence and are administered by municipal councils elected by universal suffrage for three years in the urban and for two in the rural communes. The municipal councils of the cities are convoked in ordinary session four times a year, those of the rural three times a year. In both cases the session lasts not less than a fortnight. The municipal council elects from among its members a mayor and one or more colleagues who constitute the executive body. The entire administrative authority is vested in the mayor, and his ordinances or rules are obligatory, just as those of the central authorities are.

Population.

At the beginning of the year 1911 the whole population of the Kingdom of Bulgaria amounted to 4,329,198, and this population was incontrovertibly one of the most heterogeneous in Europe, divided as it was, according to official statistics, into not less than thirty-one ethnographic groups, speaking twenty-three different languages. Besides the Bulgarians properly so called, the number of whom is calculated in official statistics at 3,984,000, the chief groups may be divided as follows:

Turks	500,000	Jews	40,000
Gipsies	100,000	Tartars	20,000
Roumanians	80,000	Armenians	15,000
Greeks	65,000		

In an economic point of view one of the peculiar features of this motley population is the large number of large families. The statistics of the year 1905 referring to this subject give the interesting figures which we reproduce below:

TABLE I. — *Statistics of Large Families.*

Number of Members of Families	Number of Families			Number of Members of Families	Number of Families		
	Towns	Country Districts	Total		Towns	Country Districts	Total
1	14,470	10,390	25,110	11	731	10,032	10,763
2	19,862	24,267	44,129	12	394	6,503	6,897
3	26,339	47,009	73,348	13	174	4,158	4,332
4	28,603	69,393	97,996	14	103	3,029	3,132
5	26,549	84,373	110,922	15	51	1,791	1,842
6	20,472	82,668	103,140	16	33	1,208	1,241
7	13,183	65,424	78,607	17	16	863	879
8	7,266	44,269	51,535	18	17	559	572
9	3,450	26,972	30,422	19	4	419	423
10	1,600	16,099	17,699	20	6	284	290

These numerous large families constitute a patriarchal form of group in which generations of adult descendants remain under the direction of the head of the family and under the system of community of property. Till lately much more numerous, these large families are now tending to disappear, owing to the subdivision of rural holdings which the succession to property and its division among the descendants of the heads of the present families involve.

*Agricultural Statistics. Organisation and Working. •
Census of Landed Property.*

We shall now conclude these short introductory notices by stating that the Kingdom of Bulgaria is incontrovertibly, one of the most advanced as regards organisation and development of statistics. Since the proclamation of independence, the different Ministries which have succeeded to power have always given special attention to this important branch of the central administration. Thanks to its perfect organisation, and thanks also to the wisdom of its functionaries, powerfully seconded by special legislation which unhappily is yet almost unique of its kind (1), the Statistics Commission of the Kingdom of Bulgaria possesses exact details of every branch of national life, which have seen the light in a remarkable series of publications.

Extremely detailed census returns of the population of the Kingdom were made out in 1881, 1885, 1888, 1893, 1900, 1905 and 1910. Such Censuses will be again taken in the future at regular intervals of five

(1) We here quote, by way of example, some articles of the law regarding statistics :

Art. 14. Information, whether verbal or in writing, furnished to the Statistics Commission, must never in any case serve as an excuse for additional taxation, nor may it be adduced as evidence before the different administrative and judicial authorities. The reports in writing sent in by the employees of the State or of the communes, by various societies and by private persons must be destroyed by the Commission after the elaboration and scrutiny of the general tables of statistics.

Art. 16. Any private person or any society refusing or trying to avoid furnishing data or information asked for, or giving false, inexact or incomplete data or information, is liable to a fine not exceeding 100 francs, by order of the prefect based on the administrative enquiry relative thereto.

Art. 17. Any mayor of a commune, any member of a permanent commission or other communal or departmental functionary or employee (deputy or substitute of the mayor, instructor, trustee of church or school, secretary, etc.) who refuses or who has neglected at the proper time to furnish the required data, or who may have furnished false, inexact or incomplete data, is liable to a fine not exceeding 100 francs, by decree of the prefect and based on the administrative enquiry relative thereto.

Art. 19. Independently of the fines provided for in articles 16, 17 and 18 of the present law, the prefect or other authorised authority must immediately take the necessary steps that the information asked for by the competent authorities be furnished on the spot for the account of anyone who has caused any delay in communicating the information or given it inexact or insufficiently.

years and, as was the case on the last two occasions, information in regard to the dwellings, livestock, agricultural machinery and means of transport will also be obtained.

Since the proclamation of independence two such censuses have been taken, the first in 1897, the second in 1908. The procedure followed was the same in each case. Very detailed schedules of questions were forwarded to each individual landholder, and sent to the mayors of the several communes to be filled in, after they had received instructions on the subject. There are no other census agents. The information to be filled in on the census papers was obtained from the registers for the purpose of the land tax, which have to be kept in every commune.

The registration of these reports is made in the offices of the mayors, and, on their responsibility, for private landed property. For communal land and also for that belonging to the Church, to schools, to public and private establishments and to the State, the registration must be made by those entrusted with the administration of the land.

The ultimate verification of the data of the second census of landed property was completed in March, 1909, the elaboration and grouping in tables was finished in April, 1911. The collected material was published in four large volumes at the close of the summer of 1911. The general results (from which we borrow the greater part of the figures that follow) were published in one volume in the course of the year 1914. (See "Sources").

§ 2. THE AGRICULTURAL POPULATION.

The distribution of the mountain ranges and other subjects dealt with in the first paragraphs of the present article, show that Bulgaria is a country destined by nature for the most intense development of all branches of rural economy. And, in fact, statistics indicate that more than three quarters of the population of the Kingdom are engaged in agriculture. The exact figures, according to the annual official report of 1910, are shown in the following table:

Professions	Number of Inhabitants	Proportion % of the Total Population
Agriculture (1)	3,108,816	77.04
Quarries, Mines, Salt Works	2,064	0.05
Industries and Trades	358,846	8.90
Transport and Communications . .	64,408	1.60
Commerce and Banks	165,806	4.22
Liberal Professions, Administration, Private Means, Domestic Service, Unproductive and Unknown . . .	335,635	8.19
Total . . .	4,935,575	100.00

This clearly marked preponderance of the agricultural classes prevails over the whole extent of the country. Under the influence of purely local conditions the proportions in certain districts sink far below the general averages, as in the arrondissements of Sliven and Pechtchera, where the existence of great industries (occupying 27 % and 30 % of the total population) lowers the agricultural percentage to 50.13 and to 52.61 %. In the other districts, on the contrary, it rises sometimes to much above the average, for instance to 92.56 % in the rural arrondissement of Roussé, to 93.48 in that of Sophia and even to 95.60 in the district of Kula (department of Varna). But, we repeat, these are exceptions due to purely local circumstances, and the following table proves that they have no influence whatever on the eminently agricultural character of all the different regions of the kingdom.

(1) Including those who live on the produce of hunting and fishing.

TABLE II. — *Agricultural Population of Bulgaria according to Departments.*

Department	Area in sq. Kms.	Total Population	Agricultural Population			
			Active	Not Active (1)	Total	% of the Total Population
Bourgas	11,856.2	335,958	135,680	105,329	241,009	71.13
Varna	9,031.0	305,134	124,610	100,786	225,396	73.87
Vidin	4,405.0	216,077	102,979	78,447	181,426	83.96
Vratza	6,915.6	285,461	138,987	110,350	249,337	87.35
Kustendil	4,727.6	213,661	101,952	74,550	176,502	82.61
Plovdiv	10,124.7	418,547	161,866	121,205	283,071	67.63
Pleven	7,661.1	338,979	153,802	123,572	277,374	81.83
Roussé	7,591.5	378,932	162,002	136,266	298,268	78.71
Sophia	9,674.6	433,361	168,441	131,402	299,843	69.19
Stara-Zagora	10,613.5	420,372	190,576	139,449	330,025	78.51
Tirnovo	7,745.3	422,769	179,518	149,101	328,619	77.73
Choumen	5,999.4	266,324	118,768	99,178	217,946	81.84
Total . . .	96,345.5	4,035,575	1,739,181	1,369,635	3,108,816	77.04

(1) That is to say members of the family of the cultivator or other persons depending upon him, but taking no direct part in agricultural labour.

§ 3. DIVISION OF LAND ACCORDING TO CROPS.

Character of Farms. Progress from 1897 to 1908.

Let us now see how much land is at the disposal of this numerous agricultural class, and how it is cultivated.

According to the census of landed property in the year 1908, the results of which have lately been published, the total area of the whole kingdom was 9,634,550 hectares (1). That land which from natural causes was incapable of cultivation (rocks, hills, regions of too great elevation, tracts covered with water, etc.) with that not cultivated for other reasons (inhabited districts, roads, highways, railways, etc.), covered an area of 1,652,099.02 hectares, equal to 17.15 % of the total area of the country.

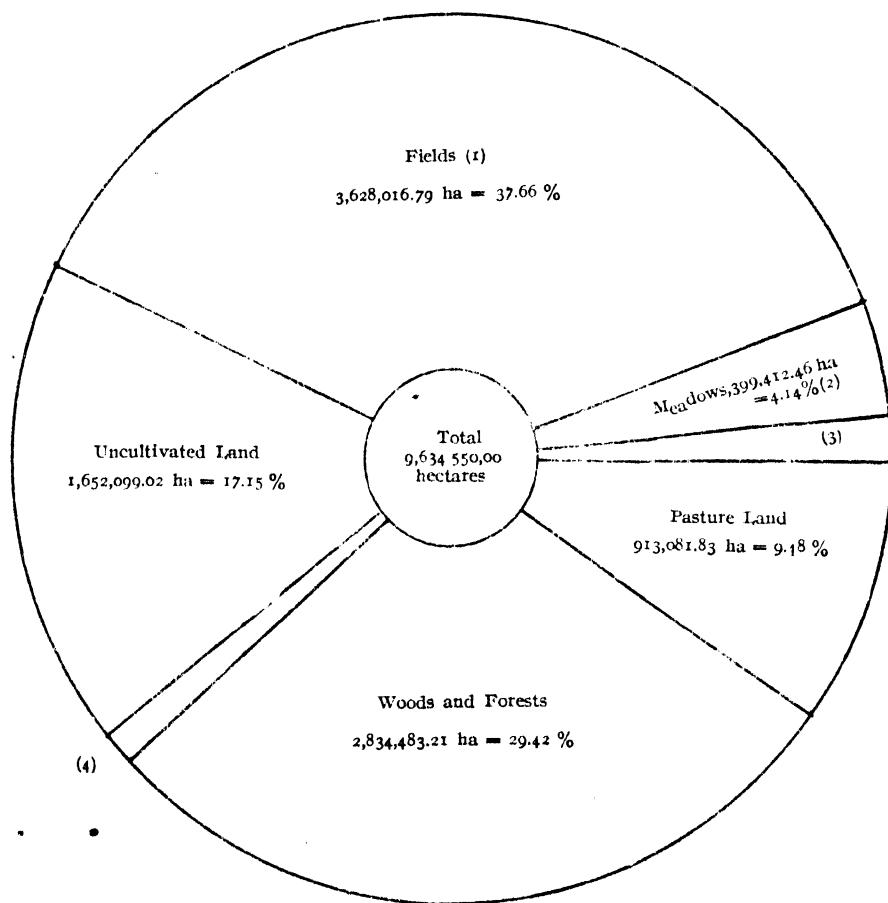
Scarcely twelve years earlier when the first census of landed property was made in 1897, the area of uncultivated land amounted to 2,156,701.05 hectares, equal to 21.54 % of the whole area of the kingdom.

(1) See note 2, page 84.

In other words, in that short space of time the people of Bulgaria have wrested from nature 504,602 hectares, and increased their landed property capable of cultivation to 5.24 % of the whole country, or 6.5% of the cultivable part.

After deducting the amount of uncultivated land of which we have just spoken, the total area of uncultivated land in Bulgaria is found to be 7,982,450.98 hectares, the division of which according to cultivation is shown more clearly as follows.

*Distribution of Land in the Kingdom of Bulgaria in 1908,
according to Crops.*



(1) Fields, Kitchen gardens, Fallow Land, Land not utilised, Land sown for gardens or with tobacco, sugar beet, etc.

(2) Natural Grass and Artificial Meadows.

(3) Fruit Gardens, Land planted with mulberries, roses and ordinary or America vines. — 112,080.90 ha.
— 1.16 %.

(4) Marshes, islands, swamps, building lots, waste land, land covered with brushwood, or willows, mines etc. — 95,365.71 ha. — 0.99 %.

We give this division with fuller details, adding the relative figures for each class of land, expressed in percentage of the general area of cultivated land, and giving the corresponding figures of the land census of the year 1897. We shall thus be able to judge of the progress made relatively to the extent of every kind of cultivation during the decade here under consideration.

TABLE III. — *Distribution of Land according to Crops.*

Class of Land	Area Cultivated		Percentage of Increase or Decrease	Relative Area in 1908 per cent.
	1897	1908		
Fields	2,975,386	3,628,016	+ 21.93	45.45
Meadows.	352,404	399,412	+ 13.34	5.00
Gardens	5,020	9,230	+ 83.87	0.11
Rose Gardens.	4,844	7,862	+ 62.31	0.10
Vineyards	114,815	94,987	- 17.27	1.20
Pasture Land	970,199	913,081	- 5.89	11.44
Woods and Forests	2,867,870	2,834,493	- 1.16	35.10
Miscellaneous	123,207	95,365	- 22.60	1.20
Total	7,413,748	7,982,450		100.00

This little table shows admirably the present position of rural economy in Bulgaria. In the first place we observe a very considerable diminution (22.69 %) of the general area of land the utility of which is not the result of cultivation properly so called, viz. the area of marshes, sandy island in rivers, salt pits, nurseries and other land more or less left idle. We observe a marked diminution in the area of pasturage, which is more and more giving place to meadows, natural or artificial.

With these diminutions, which have undeniable advantages, we observe, it is true, a slight decrease in the area of woods and forests, and one much more serious in that of the vineyards, but in both cases the lesser quantitative value shown by the figures in the table is largely compensated in reality by the greater qualitative value of the produce. With regard to the forests, the laws enacted during the last few years not only tend to check the cutting down of trees, but to encourage the rational management of what still remains of the once vast forest wealth of the country. If vineyards disappear here and there, it is always to give place to more intensive cultivation, more productive in an economic point of view, such as that of roses and the more delicate fruits.

TABLE IV. — *Distribution according to Departments of the Cultivated Land of the Kingdom of Bulgaria in 1903.*

(1) Including vegetable gardens.

(2) Including ~~regions~~ ^{regions} including marshes, islands, swamps, salt pits, nursery gardens, etc.

The most characteristic figures of the table are those which indicate the progress made during the short period between the first census and the second, in the cultivation of fields, meadows, orchards, and rose gardens ; in other words, of intensive cultivation and great economic productiveness. And if we take into account the fact that the quantitative and qualitative development advance equally, that the years in question have been especially fruitful with regard to the progress in the technique of cultivation and the improvement of produce, and that the output is every day becoming easier and more profitable we shall agree that the above table is in itself sufficient to present the future of agriculture in Bulgaria in the most favourable light.

We shall complete this short description of the division of land in Bulgaria capable of cultivation and of the general conclusions authorised by the progress made, with Table IV, which shows in more detail the area of land according to cultivation and according to departments of the kingdom with the average extent in ares of cultivation per 100 inhabitants :

§ 4. GENERAL DISTRIBUTION OF LANDED PROPERTY.

Various Classes of Landed Property. Progress from 1897 to 1908.

Let us now consider the division of land in Bulgaria, not according to crops, but according to tenure.

For this purpose it will be convenient to divide the landed property into four general classes, viz. :

1. *Private* landed property, that is to say, belonging to private individuals.

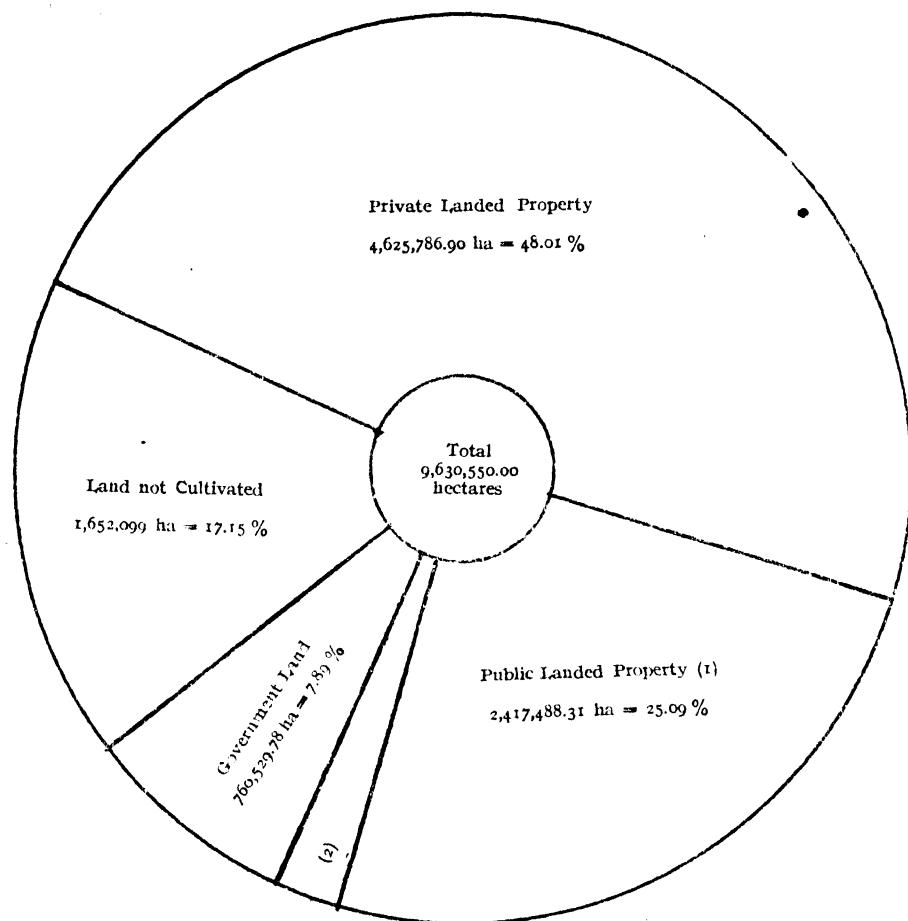
2. *Public* landed property, under which denomination we shall consider exclusively land belonging to *communes*, that is, land cultivated for the common benefit of all the inhabitants of the commune.

3. Landed property of *institutions*, that is, land belonging to schools, churches, monasteries and convents, mosques (including vakouf property), the National Bank of Bulgaria, the Agricultural Bank of the Kingdom, various societies and departments (provinces) of the kingdom ; and finally.

4. Landed property of the State.

The general distribution of these various classes of landed property throughout the kingdom with regard to its total area is shown very clearly below.

*Distribution of the Land in the Kingdom of Bulgaria in 1908,
according to Tenure.*



That is to say, belonging to communes.
Land belonging to institutions, societies etc. — 178,645.99 ha. = 1.86 %.

It will be seen, we include uncultivated land. If we neglect it, that is, if we take account only of land of real value for agricultural economics, the general division of landed property in the whole Kingdom will be as follows :

Private Landed Property	57.99 %	of the total cultivated.
Public " " " " "	30.20	" " " " "
Landed Property of Institutions	9.53	" " " " "
" " " " " of the State	2.28	" " " " "

Let us now compare the division of the land as possessed in 1908 with the corresponding data of the first land census of 1897, as we have already compared the figures respecting the distribution according to crops.

TABLE V. — *Distribution of Land According to Tenure.*

Holdings	Area in hectares		Increase or Decrease	
	1897	1908	Hectares	%
of the State	1,015,903.23	760,529.78	- 255,373.45	- 25.14
» Departments	441.42	1,275.40	+ 833.98	+ 188.93
» Communes	2,291,156.50	2,417,488.31	+ 126,331.81	+ 5.51
» Schools	67,796.09	69,210.04	+ 1,413.95	+ 2.09
» Churches	13,121.88	14,413.65	+ 1,291.77	+ 9.84
» Monasteries	44,194.56	56,327.80	+ 12,133.24	+ 27.45
» Mosques	3,254.33	4,137.43	+ 883.10	+ 27.14
» the National Bank	23.00	2,433.34	+ 2,410.34	+ 10,479.74
» Agricultural Bank	187.90	26,552.21	+ 26,364.31	+ 14,031.03
» Various Societies	112.32	4,296.12	+ 4,183.80	+ 3,724.89
» Private Persons	3,977,557.72	4,625,786.90	+ 648,229.18	+ 16.30
Not Cultivated	2,220,801.05	1,652,099.02	- 568,702.03	- 25.61
Total	9,634,550.00	9,634,550.00	---	---

That which first strikes us in this table is the general increase in the area of all the classes of cultivable lands with the single exception of those which belong to the State. Of this increase, the total of which is more than 824,000 hectares, not quite one third is covered by the decrease in the domains of the State. The rest, more than two thirds, 568,702 hectares, has been wrested from nature by the reclamation of land not worked at the time of the first land census.

In the different classes of holdings the increase has varied considerably. Let us observe especially the perceptible difference between the figures furnished by the two principal groups: that of private property and that of communal property. The increase in these two groups alone amounts to 774,590 hectares that is 94 % of the total increase for the whole country. But, while the communal property has increased only by 5.51 % on what it was in 1897, private property has gained 16.30 % on its former area. This fact alone is a certain index of a social evolution in conformity with modern principles of individual property.

Finally, let us note the enormous increase of the landed property of the National Bank of Bulgaria, of the Agricultural Bank of Bulgaria,

and of the various "Societies" (10.478 % in the first case, 14.031 % in the second and 3.725 % in the third). The readers of our Bulletin are already acquainted with the first two of these institutions (1); they know that the making of grants to private agriculture is the sole object of the Agricultural Bank, and one of the chief objects of the National Bank. We need only add that the greater number of the "Societies", comprised under the name of "Various Societies", all have identical or analogous aims, in order to show the importance of the figures pointed out as indicative of a truly extraordinary development of agricultural credit in Bulgaria, and of a constant and energetic evolution of the most modern methods of home colonisation.

The results of this are clearly shown by a comparison of the total number of landed proprietors in the country at the time of the first census with that at the time of the second census above mentioned. In 1897 it was 806,245, and nine years later (1907) it was above 942,897. In other words, during that short period, the number of landed properties had increased by 136,652, that is 16.95 %, on the number in 1895.

The distribution of this general increase according to the class of proprietor ought to be shown here.

It is as follows :

TABLE VI. — *Changes in Tenure of Land, from 1897 to 1908.*

Class of Holding	Number of Holdings		Increase or Decrease		%
	1897	1908	Number	%	
Belonging to the State . . .	1,060	1,035	— 25	— 2.36	
" to Communes . . .	3,664	3,639	— 25	— 0.68	
" to Departments . . .	8	12	+ 4	+ 50.00	
" to Schools	907	1,281	+ 374	+ 41.23	
" to Churches	601	1,100	+ 499	+ 83.03	
" to Monasteries . . .	251	321	+ 70	+ 27.89	
" to Mosques in- cluding Vakouf Property	130	392	+ 262	+ 201.54	
" to the National Bank	1	149	+ 148	+ 14,800.00	
" to the Agricultural Bank	21	1,427	+ 1,406	+ 6,695.24	
" to Societies	14	174	+ 160	+ 1,142.86	
" to Private Persons . . .	799,588	933,367	+ 133,779	+ 16.73	
" Total	806,245	942,897	+ 136,652	+ 16.95	

(1) See our Number for June, 1911 pp. 185-200.

As might be expected, the figures of this table correspond more or less with those of the preceding. In this, as in the former, the greater proportion of the increase ascertained during the period in question is in private property, and in that of institutions, the object of which is to encourage its development. Of 136,652 new holdings, formed since 1897, there are 135,493, that is 99.11 % of the whole, which belong either directly to private individuals or to institutions which especially seek to encourage private property, such as the Agricultural Bank and societies of rural credit. And this tendency towards the increase of private property is confirmed by the fact that the only two diminutions in our table concern other than private property, that of the State and that of the Communes.

§ 5. PRIVATE LANDED PROPERTY IN BULGARIA, AREA, DIVISION AND READJUSTMENT OF FARMS. CONCLUSION.

For the most important class of all, that of the purely individual holdings of private persons, we must now compare the figures indicating in percentage the increase in area and in number of such landed properties. In the first case, that is as regards area, the ascertained increase is 16.30 %, in the second it is 16.73 %. In other words, the increase in the number of the holdings is perceptibly superior to that of their average area.

And this brings us to the last of our questions, and the most important as regards the progress of internal colonisation in Bulgaria, viz. the division of the landed property of the Kingdom according to the size of the estates.

The data furnished by the census of landed property in 1897 and by that held in 1908 are the most complete and the most detailed; from them we extract the following figures:

TABLE VII. — Distribution and Evolution of Private Landed Property in Bulgaria from 1897 to 1908.

Classes of Holdings according to Area	Number of Holdings		Total Area of Holdings in hectares		Holdings		Décares		Percentage of Total	
	1897		1898		1897		1898			
	1897	1898	1897	1898	1897	1898	1897	1898		
up to 5 from 5	166,765	180,304	41,651.45	46,231.74	21	19	1.0	1.0		
5 to 10	90,508	113,446	67,297.5	83,748.21	11	12	1.7	1.8		
10 " 20	106,373	131,148	156,701.75	191,587.78	13	14	3.9	4.2		
20 " 30	75,100	86,500	187,303.50	214,945.04	9	9	4.7	4.6		
30 " 40	60,061	68,346	209,742.09	238,506.72	8	8	5.3	5.2		
40 " 50	50,222	57,772	225,745.65	259,584.88	6	6	5.7	5.6		
50 " 75	92,515	106,598	570,004.14	657,316.21	12	12	14.3	14.2		
75 " 100	56,486	67,512	488,323.70	584,501.15	7	7	12.3	12.6		
100 " 150	55,503	67,610	672,052.94	818,669.36	7	7	16.9	17.7		
150 " 200	22,095	26,718	379,172.66	458,308.85	3	3	9.5	9.9		
200 " 300	14,911	17,304	358,664.07	412,393.16	2	2	9.0	8.9		
300 " 400	4,338	5,017	148,463.40	171,559.01	1	1	3.7	3.7		
400 " 500	1,770	1,933	78,785.99	86,200.84	0.22	0.21	2.0	1.9		
500 " 1,000	1,993	2,223	133,886.22	147,892.26	0.25	0.24	3.4	3.2		
1,000 " 2,000	606	592	82,600.26	79,744.43	0.08	0.06	2.1	1.7		
2,000 " 3,000	155	154	37,779.31	37,543.48	0.02	0.02	1.0	0.8		
3,000 " 5,000	100	99	42,736.42	37,291.90	0.01	0.01	1.1	0.8		
above 5,000 décares ..	87	91	96,644.42	99,761.88	0.01	0.01	2.4	2.2		
	799,588	933,367	3,977,557.72	4,625,786.90	100	100	100	100		

That which first strikes us in this table is the remarkably small number of large and very large private landed estates throughout the Kingdom. Even if we limit the term "large landed estate" to those exceeding 100 hectares in extent, the total number will be only 936, scarcely *one per thousand* of the total. And the whole extent of these 936 "large landed estates" that is 254,348 hectares, will only represent 5.5 % of the whole area of private landed property in the country. These figures compared with those given above as to the general division of the population according to occupation are alone sufficient to assure us that by far the larger proportion of private landed property in Bulgaria is in the hands of the rural agricultural classes.

And if we compare the figures resulting from the land census of 1897 with those of the census of 1908, we shall easily perceive that the evolution is taking place in a manner clearly favourable to a rational development of the agricultural economy of the country.

To facilitate the comparison, let us condense the rather diffuse details of the preceding table, dividing the holdings into five categories only, considering as "a parcel of land" every holding not exceeding two hectares in extent, as "small peasant holdings" those of from 2 to 5 hectares in area, as "medium holdings" those of from 5 to 20 hectares, as "large" those of from 20 to 100 hectares, and as "large private landed estates" those of an area which exceeds the last figure. Taking into consideration only the total area of the holdings in each of these categories, in proportion to that of all the landed property of private owners in the whole country, we obtain the following figures;

	1897	1908
Parcels of Land	6.6 %	7.0 %
Small Peasant Holdings	15.7 "	15.4 "
Medium Peasant Holdings	53.0 "	54.4 "
Large Peasant Holdings	18.1 "	17.7 "
Large Private Landed Estates . . .	6.6 "	5.5 "
 Total	100.0 %	100.0 %

Given the general conditions, orographic, climatic, economic, agricultural, etc., of the Kingdom, the category of landed properties which with regard to area lends itself best to a rational development of rural economy is that of peasant holdings of medium size, that is of from about 5 to 20 hectares. Now, from the preceding figures, it is clear that already at the date of the first census of landed property, more than half the land of the country came under this head. And the same figures show that during the nine years which have passed between the first and second census this proportion has only increased. This is an excellent index of the satisfactory progress in well-being of the agricultural class properly so called.

Of the four other categories, three show a strongly marked tendency to diminish, viz. that of "large private landed estates", of which we have

already spoken, and of those too small for the support of their proprietors or too large for the economic efforts which the Bulgarian peasant can make.

As to the category of "parcels of land" or indeed of all small holdings, we may observe that the marked increase, as shown by the figures, is due chiefly to the attention given to roses, one of the most profitable kinds of intensive cultivation. This is another indication of a happy and prosperous evolution of agricultural economy in Bulgaria.

Finally, as regards the general division of landed property, the Kingdom is in a favourable condition, such as to permit a progressive and continuous evolution of rural economy without the necessity of any specially energetic intervention of the State for the encouragement of home colonisation. The most serious fault in the agricultural regime of the country is perhaps the excessive subdivision of private land. In 1897, for instance, the average number of separate parcels belonging to each landholder was ten for the whole Kingdom. Holdings of from one to two hectares were subdivided into five parcels on an average, and for estates of great extent the average number of parcels was 38.

The land census of the year 1908 showed a further and very serious aggravation of these conditions. The average number of isolated parcels belonging to each landholder rose from 21 to 24 in the case of holdings of from 10 to 15 hectares, from 31 to 38 in that of holdings of from 100 to 200 hectares, and from 28 to 46 in that of those exceeding 500 hectares. For the whole Kingdom this average rose from 10 to 11.

This fact has not yet attracted the attention of the Bulgarian legislature, and no special regulations have been passed to encourage a general readjustment of landed property. But it is only fair to add that the law of 1904 regarding the cultivation of pasture land and meadows contains certain provisions manifestly intended to encourage and facilitate agreements between private persons for the purpose. In fact, the law grants special advantages to the purchasers of parcels who succeed in making arrangements with neighbours for rounding of their respective holdings, while leaving each party free to make such compensation to the other as may be considered just.

Partly through the influence of this law and partly because of the continual difficulties caused by the excessive subdivision of land, there is now a tendency daily becoming more general among the more intelligent cultivators in Bulgaria towards a friendly readjustment of their respective holdings. The Government will not long be able to ignore this spontaneous movement, and it is probable that the day is not far off when the question will be regulated by a definite legislative measure. The greatest obstacle to the development of rural economy in Bulgaria will thus be eliminated.

BRITISH INDIA.

CANAL COLONIES IN THE PANJAB.

By Sir JAMES DOUIE, K. C. S. I.

The Panjab is in the main a country of small peasant proprietors. This is especially true of the eastern and central districts in which a normal family holding consists of from five to ten acres. Two grave economic evils beset agricultural ownership in such small parcels, namely, the reduction of the size of holdings below an area sufficient to support a family in decent comfort, and the transfer of land to money lenders. The latter is one of the causes which produce the former. But a holding which is quite unburdened may be subject to *morcellement* by the operation of the rule of inheritance under which sons on their father's death each take an equal share of the family property.

A generation ago pressure on the soil was a matter of apprehension. The census of 1881 had directed attention to it, and no one could then foresee how completely the position would be changed by the ravages of plague which invaded the province in 1897. The fact that there were vast areas of uncultivated State land to be commanded by the canal projects for the irrigation of the tracts between the Ravi and the Chenab, and the Chenab and the Jhelam, seemed an admirable means of combating a growing social and political danger by schemes of colonization. The second evil has been met by an Act, XIII of 1900, putting severe restrictions on transfers to non-agriculturists, and since 1904 by the organization of village banks. A perception of the dangers to small holders of unrestricted transferable ownership determined the rights which the Government was at first prepared to concede to settlers in the canal colonies.

§ I. AGRICULTURAL CONDITIONS IN THE PANJAB.

The broad plain of the Panjab, which supports a population of nearly 20 million souls, covers roughly an area of 90,000 square miles. It may be divided into four agricultural zones.

- (A) The South East (5 districts);
- (B) The North West (4 districts);
- (C) The Submontane and Central (9 districts);
- (D) The South West (9 districts).

The third is the richest and most densely peopled part of the province. Though it occupies but one fifth of the area and is the tract which has paid the heaviest toll to the plague demon, it had still in 1911 much more than one third of the total population. It was here that thirty years ago pressure on the soil seemed likely to become formidable.

The thinly populated South Western Zone, lying south of the Sutlej Range and west of the Sutlej, with the same number of districts occupies half of the total area. It is in this zone that the great developments of canal irrigation have taken place in the past thirty years, and that the schemes of colonization have been carried out. The South Western Panjab is a region which the monsoon currents only reach in a very feeble fashion. It is a part of the great desert which extends from the Western Sahara to Manchuria. But for its rivers fed by melting Himalayan snows it must have been destitute of crops or of any settled population. Over the greater part of it the rainfall is less than 15 inches in the year, in the extreme south-west it falls below 5 inches. The *Bar* tracts, as the Uplands between the Ravi and Chenab, and the Chenab and Jhelam are called (1), consist for the most part of firm loam, not so rich as some of the submontane soils, because containing little humus, but still, when water is obtainable, of great natural fertility. It is these Bars which the engineers have made fit to support in comfort large and flourishing communities of peasant farmers.

When the British Government annexed the South West Panjab in 1849 and for many years after cultivation was practically confined to the river valleys, where the people had supplemented the effects of flooding and percolation by wells and small inundation canals. These rough works had no masonry heads. They ran for a few months in the monsoon season and carried the river water into parts of the valley which floods failed to reach. They could not penetrate into the Bar Uplands, and the water level there was so deep that well cultivation of any value could not exist. A few scattered wells were intended mainly for the watering of the cattle of nomad grazers. Dry cultivation was only possible in natural hollows. Here and there, especially in the north, an isolated village was met with, but the Bars were the home of a roving population of graziers and camel owners having their head quarter in huts clustered round some old well or natural depression. The greater part of these vast wastes were State property.

The native Governments to which the English served themselves heirs claimed large powers of disposing of the waste, whether included in the somewhat uncertain boundaries of villages, or consisting, as in the South Western Panjab, of vast tracts covered with scanty scrub. When the Western Panjab was annexed Lord Dalhousie ordered waste in which there was practically no settled population to be marked off as State property when village boundaries were determined, and directed attention to the adoption of measures for planting on it an agricultural population. The tendency of the British Government has been to withdraw from all inter-

(1) See map.

ference where a community could assert any reasonable proprietary claim. Such villages as existed in the Bar Uplands cannot be said to have had any boundaries. The Governments laid them down so as to include in each a very ample grazing area. It was hoped that the enforcement of law and order would lead to the conversion of much of this into arable land. But the physical conditions forbade it till canal irrigation became available, and the great Bar villages continued to be peopled by tribesmen whose main occupations were cattle rearing and cattle lifting. Outside village boundaries the waste was recorded as the property of the Government.

§ 2. IRRIGATION AND COLONIZATION.

From 1850 to 1885 leases of State land on favourable terms were offered to persons who were prepared to sink wells. The results were small, and colonization only became a serious factor in agricultural development when the policy of developing canal irrigation in the south west of the province was undertaken.

The three great canals in existence in 1885, the Western Jamna, the Upper Bari Doab, and the Sirhind, served tracts where rain cultivation is possible, and the function of wells and canals is to enable farmers to grow a better class of crops and obtain a heavier and more certain yield. Such a country was occupied by village lands and there was no opportunity for State colonization. The Upper Bari Doab Canal is a partial exception, and some colonization has been carried out on lands commanded by extensions of that work in the Lahore district. The two tables below show the canals on which colonization has been or will be carried out.

TABLE I. — *Colonization carried out.*

Name of Canal	Kind of Canal	Date	Commanded area		State land			
			Total	Cul-turable	Total	Allot-able area	Cul-turable and irrigable	Allotted area
			acres	acres	acres	acres	acres	acres
Sidhuai	Inundation	1886-1889	381,000	344,000	232,000	—	—	177,300
Sohag-Para	Inundation	1888-1890	—	—	86,000	—	—	70,000
Lower Chenab	Perennial	1890-1900	3,360,000	2,708,000	2,476,000	1,948,000	1,825,000	1,841,000
Upper Bari Doab . . .	Perennial	1894-1904	—	—	91,000	85,000	79,000	81,000
Lower Jhelam	Perennial	1897-1904	1,368,000	1,162,000	576,000	500,000	476,000	402,000
Total . . .	—	—	—	—	3,461,000	—	—	2,572,000

TABLE II. — *Colonization in hand or proposed.*

Canal	Acres
Lower Bari Doab	1,192,000
Upper Chenab	78,000
Upper Jhelam	48,000
Total . . .	1,318,000

A perennial canal is one in which, by the construction of a masonry weir at the head, a supply of water is maintained throughout the whole year. The beds of the Sohag-Para and Sidhnai are dry for a large part of the winter. These two works, though insignificant in themselves, are important in connection with the story of colonization in the Panjab. It was on them that the first experiments were made, and the principles and procedure then laid down proved in the main sound when applied on a vastly larger scale.

§ 3. THE FIVE GREAT PERENNIAL CANALS.

It will be well to give in the briefest space a few facts about the five great perennial colonization canals, the excavation of which has been carried out in the past 25 years.

The first to be taken in hand was the Lower Chenab Canal. The commanded area is $3\frac{1}{3}$ millions of acres, three fourths of which was State land. It irrigates $2\frac{1}{4}$ millions of acres yearly, and without the canal practically the whole of that large area would be lying waste. The supply is secured by a weir built across the Chenab River at Khanki and completed in 1892. The capital expenditure has been a little over £2,000,000, and in recent years the interest earned has averaged 28 per cent.

The Lower Jhelam is also a great canal, though small in comparison. More than half of the commanded area is included in the boundaries of old estates, and the area available and fit for colonization did not exceed 450,000 acres. Irrigation was started in 1911. The average area watered is about $\frac{3}{4}$ of a million acres, and the interest earned exceeds 10 per cent.

The other three canals form branches of a bold scheme known as the Triple Project. The Chenab river has been tapped by means of a great weir at Merala in the Sialkot district, and the water will be used to irrigate
 (a) a large area west of the Ravi in the Gujranwala district and
 (b) a much larger area east of the Ravi in Montgomery and Multan.

The second object is by far the more important. To effect it the canal is carried over the Ravi by an aqueduct. The main channel and its distributaries in Gujranwala are known as the Upper Chenab Canal. West of the Ravi it becomes the Lower Bari Doab Canal. The withdrawal at Merala

of a large part of the Chenab water must affect the supply at the head of the Lower Chenab Canal further down stream at Khanki. To remedy this the bold idea was conceived of throwing the surplus water of the Jhelam into the Chenab above Khanki. This is the *raison d'être* of the Upper Jhelam Canal, though it will also irrigate a considerable area.

Nothing more need be said about it or the Upper Chenab Canal. The areas they command are mostly a' ready parcelled out in village estates and from the point of view of colonization they are unimportant.

The case of the Lower Bari Doab Canal is wholly different. The area of State land available for allotment which it commands is estimated at 1,192,000 acres. The area which it will water yearly will be about 900,000 acres. These five canals will have between them a wheat area exceeding that of England and Wales.

§ 4. THE PRINCIPLES OF CANAL COLONIZATION.

When colonization was first mooted the Panjab was fortunate in the officers responsible for its revenue and agricultural administration.

Mr. (now Sir James) Lyall was at the head of that department and his principal subordinate was Edward Wace. The former had a very intimate knowledge of the peasant farmer and his ideas and the power of grasping the broad features of any successful scheme of land settlement, the latter was a master of detail with a special acquaintance with land surveys and land records.

In 1882 the intention was to dig four inundation canals, one from the Ravi, one from the Sutlej, and two from the Chenab. The small Sidhnai Canal was dug from the Ravi in Multan, and the Lower Sohag-Para from the Sutlej in Montgomery. The Chenab scheme was superseded by a project for a great perennial canal.

Writing in 1883 of the Chenab Canal Project in its original form Mr. Lyall said :

" An attempt should be made to establish estates owned by bodies of peasant proprietors. In the Eastern part of the Panjab and in the sub-Himalayan tracts there not infrequently are found villages peopled by agriculturists of the best type, who have increased in numbers until the lands which they own are insufficient for their support ; often the owners of such estates have been accustomed to cultivate as tenants in neighbouring villages. But, owing to the owners of those villages now requiring the lands for themselves (they) are gradually being ejected... It would improve the general condition... if some of the proprietors would emigrate to other countries... A number of men of this class might be induced to settle in the Gujranwala Bar by being allowed to migrate in bodies... formed by themselves, and by the promise on certain conditions of grants of land..."

" The experiment might be tried in the following way... Go to places in the thickly populated districts, where groups of adjacent villages are

owned by men of the same clan, and... search among them for men of some amount of enterprise, capital, and influence, and ask such men... to lead down bodies of men of their own clan to the Government lands irrigated by the canal. Well selected blocks would be made over to the bodies so migrating. The leader of the colony would be given an interest in its success not only by receiving a share in the proprietorship but also by his being made headman of the new estate".

This passage contains the kernel of all the great schemes of colonization.

About the same time Edward Wace had introduced a new method of Cadastral survey by which each estate was divided into a number of squares, on to which were plotted the fields of all shapes and sizes of which an ordinary Panjab village consists. He saw that such squares would form excellent units for the allotment of holdings in new Colonies. If the evils which existed in congested villages from which settlers were drawn were not speedily to be reproduced in new estates, clearly holdings must be of substantial size. Further each man's allotment should consist of a single block of regular shape, and so well adapted for irrigation. A square of 27.8 acres was not too large for a holding; in fact in the earliest schemes the individual allotments consisted of several squares.

In the central districts the people have grouped themselves in well organized village communities. A village is often owned by people of one clan. Their houses and those of their dependents occupy a central site. The cultivated lands are held in severalty. There is always some common property, and, till the advent of orderly rule led to a rapid extension of tillage, there was often a large common waste. Big owners are rare, and, though a good deal of land is in the hands of tenants, some of whom enjoy a permanent tenure known as "occupancy right", the normal holding is mostly tilled by the peasant owner and his family with the help of some of the village menials. In the S. W. Panjab matters are different. Tillage depended on artificial means of irrigation, and the expenditure of capital in providing it became the best of titles. Hence the well holding, a small oasis in surrounding waste, became the natural unit of property. The village site was non-existent or unimportant. The cultivator found it more convenient to build his house and cattle pens beside his well. Estates were often mere groups of scattered wells owned by persons of different tribes, the only common tie being that of vicinage. Another difference is the existence of any landlord, big and little, cultivating through tenants.

The type of landholding which found favour in the projects for Canal Colonies was that of the Central Panjab. In 1886 the Lieutenant Governor, Sir Charles Aitchison, pronounced emphatically in favour of importing peasants who would till their own lands. At the same time local cultivators were to be given the chance of acquiring land.

To complete the subject of survey and demarcation, the 27.8 acre square was used on the Lower Chenab and Lower Jhelam Canals, but in the Triple Project a more convenient rectangle measuring exactly 25 acres was adopted. In 1894 a valuable reform was introduced by which each

large square was subdivided into 25 square fields. This substitution of survey fields of regular shape with permanent boundaries for irregular fields with possibly shifting boundaries was admirably adapted for irrigated tillage, immensely simplified land records, and made any future subdivision due to inheritance etc. extremely simple.

§ 5. THE FIRST EXPERIMENT IN COLONIZATION.

The first experiments in colonization were made on the two inundation canals, the Sidhnai and the Lower Sohag-Para. The initial step was to prepare contour maps of commanded lands, by the help of which the areas which could conveniently be served by separate water courses were defined. Village areas were made to coincide with water course areas, each being given its own channel. Each village was broken up into squares for allotment purposes.

Obviously holdings should be larger on inundation canals of intermittent flow, where canal water may have to be supplemented by well water than on perennial canals. But the adoption of 4 squares as the unit of allotment on the two small canals gave holdings of 90 and 111 acres respectively, and these were larger than were really required.

Under the leases given the grantees of land bound themselves to bring two-thirds of the areas allotted into cultivation in five years, after which they were entitled to acquire ownership with power of transfer by paying the small sum of four shilling an acre. It first seemed doubtful whether settlers from the Central Panjab would come to the inhospitable tract commanded by the Sidhnai with only the promise of water for part of the year and the certainty of being surrounded by a hostile local population. But in the autumn of 1886 some Tats from Amritsar came to stay, and soon the difficulty vanished. The natives of the district were not forgotten in the distribution. Only men of the farming classes and of decent character were brought from outside. As far as possible villages were allotted to bodies of men of one tribe, each coming under its own leader.

The immigration into the area commanded by the Lower Sohag and Para was on a much smaller scale. Most of the immigrants on both canals came from Lahore and Amritsar.

§ 6. THE LOWER CHENAB CANAL COLONIZATION SCHEME.

The work on these small canals was planned by Edward Wace. But he died before the larger schemes emerged. By 1890 the conversion of the Chenab Canal project into one for perennial irrigation was approved. The great canal commanded the Sandal Bar, lying between the Chenab and Jhelam and containing in addition to a few old village estates 2 $\frac{1}{2}$ million acres of State land. The Colonization Scheme framed in 1890 by Denzil Ibbetson was marked by a union of large ideas and grasp of detail characteristic of the man. The aim of the policy adopted was:

- (1) to relieve the pressure upon the land in congested districts;
- (2) to colonize the new area with well-to-do small farmers, cultivating their own holdings with the aid of their families and of the usual menials.

Sir James Lyall, who was now Lieutenant Governor, remarked that: — “ It seemed essential to preserve the tradition of the Panjab as a country of peasant farmers. No other general frame of society is at present either possible or desirable. The bulk of the available lands have therefore been appropriated to *peasant* settlers... *Yeoman* grants are intended to attract... the men who, without attaining to the ranks of the richer gentry, are still well above the ordinary level of the peasant land-owner. Naturally this class comprises some of the most intelligent and enterprising men in the agricultural community... Lastly an area has been reserved for *capitalists*... Capitalist farming is not a system suitable to the Panjab. But a moderate infusion of the capitalist element is not without its advantages. It supplies natural leaders for the new society. It gives opportunity to Government to reward its well deserving servants, and to encourage the more enterprising of the provincial gentry. It attracts strong men who are able to command the services of considerable bodies of tenants.”

Thus three kinds of grants were recognized, but probably less than one tenth of the available land went to yeomen or capitalists. Small areas were sold outright.

The peasant grant was usually of one square. Yeomen grants were of four or five squares (111 to 139 acres). Capitalist grants were of 6 to 20 squares (166 to 556 acres). In special cases the Government sanctioned larger grants. For peasants there was no fine on entry. But capitalists paid from 13 shillings to 27 shillings per acre, and yeomen 8 shillings, the latter sum being realized by instalments. Peasants were bound to reside on their grants and in later settlements the same obligation was imposed on yeomen.

If the conditions of the lease were fulfilled a yeoman and a capitalist could purchase on easy terms after five years, while a peasant could only acquire a permanent non-transferable right of occupancy. For this right no charge was made. The reason for only conceding a permanent right of occupancy was a desire to protect these small farmers from the pitfalls which beset the path of peasant owners. The conviction had forced itself on the minds of those who knew the people best that rural indebtedness and land transfer had become very serious questions. Ten years were still to elapse before, by the passing of the Panjab Alienation of Land Act, XIII of 1900, transfers to non-agriculturists became subject to severe legal restrictions and the risk of ownership proving a curse was removed. A few years ago there were political reasons for a reconsideration of the position. The disappearance from the rural economy of the province of ownership with unrestricted right of transfer had removed the objections felt in 1890. Finally it was decided to allow the peasant settlers to buy land worth anything from £8 to £15 an acre by the almost

nominal payment of 16s. 8d. an acre. It must be remembered, however, that many of them had already become entitled to a permanent tenancy which makes a considerable difference.

The enormous task of colonizing the Sándal Bar could not be carried out by the ordinary district staff. A special Colonization Officer was appointed, and the subordinate staff which he controlled became fairly large. The same policy was followed later on the Lower Jhelam and Lower Bari Doab Canals. The Colonies have been admirable training ground for the ablest of the younger Panjab officers. It was necessary to give them a pretty free hand, the work was novel and important, and involved great responsibilities. While he was controlled from outside, the Colony Officer inside his Colony had to be a benevolent autocrat. Autocracy is tolerable when the autocrat is content to be also the servant of his people, and in this respect the Panjab officers did not show themselves lacking. The best known of them were Popham Young in the Lower Chenab Colony and Malcolm Hailey on the Lower Jhelam Canal.

The survey required before settlers could be introduced has already been noticed. Another necessary preliminary to successful colonization is the provision of railway communication. A good deal of suffering would have been saved if this had been arranged for beforehand in the case of the Lower Chenab Canal. The tract it serves is now traversed by several railway lines, which convey the enormous surplus produce to the sea board. But while colonization began in 1892, the construction of the first railway was only undertaken in 1895. The lesson had been learned when the colonization to the Lower Jhelam Canal was undertaken, and the tract to be served by the Lower Bari Doab Canal, where colonization is now in progress, lies directly on the route from Lahore to Karachi and has long been traversed by a railway.

Experience showed that allotment ought to have been preceded by a soil survey sufficient to discriminate between good land, mediocre land probably fit for distribution, and land which was not worth tillage. While the bulk of the land in the Sandal Bar was good, there was poor soil on its fringes, which might better have been left unallotted. That settlers were prepared to accept land was no proof that it could be tilled with profit. Land hunger was so keen that a man would take a square anywhere in order to get a footing and work up a case for an exchange later on. In doubtful cases the prudent course was to give land out experimentally for temporary cultivation. In the Lower Jhelam Canal Colony a soil survey of squares was made before allotment. But there too water courses were carried into land which was not worth irrigating, and the estimate of the available area had to be revised.

The selection of peasant colonists was entrusted to Deputy Commissioners (1) and Settlement Officers (2), the locating of the colonists on the

(1) The Deputy Commissioner is the official head of a district.

(2) The land revenue of each district is reassessed at intervals of 20 or 30 years. The officials who carry out the delicate duty are Settlement Officers.

land and the charge of their future welfare was the task of the Colonization Officer.

The choice of colonists was limited to five tribes noted for their agricultural efficiency. They were to be drawn almost entirely from seven districts which were considered to be congested, Ambala, Hoshiarpur, Gujarspur, Sialkot, Amritsar, Jalandhar and Ludhiana. These form a solid block extending from the low hills into the central plain. Most of the colonists belonged to the two great tribes of Jats and Arains. There were some undoubted advantages in restricting the choice to the most industrious tribes, but it seems doubtful whether in fact it would not have been wiser to draw other fish into the net.

On the whole there was not much to complain of as regards the selections made. Amritsar furnished many colonists, and here the work was in the hands of a very able Settlement Officer, J. A. Grant. He adopted an admirable method, which may be described in his own words:

"When I had fixed on a village as one from which I would be likely to obtain a good number of settlers... an order was sent to the *patwari* (1) to be in attendance on a day named to supply verbally the required details as to land owned. I used to find it convenient to halt a day at the village, and the evening before to call up the headmen of the village to explain to them the terms on which the land would be given. They were at the same time warned that any deceit or personation would be punished by my refusing to give any land to that village... Then they would be sent to talk it over until the next day, when all the would-be settlers came up in a body. These I would first separate into *pattis* (or wards) and make the men of each *patti* sit in a long row, the fathers next their sons, and brothers next one another.

"Walking down this row I could easily see the men who were physically unsuitable. Many old dotards and mere boys would be brought up in the hope of thus securing an extra square for the family... His colour would often betray the habitual opium-eater, and his general appearance (more especially his hands) the *shaukin* (2). A show of hands is a simple method of discovering the real workers... Next, if any one family was represented by too many members, one or two of these would be weeded out amid loud protests... Then with the *patwari* and a *mumshi* (3) at my elbow, and attended by the headmen of the *patti*, I would go down the line and take down the name and the area of each man's share, his age, parentage and *got* (4). This process would expose those who already had sufficient holdings or who had mortgaged a considerable share of their land, and these, too, were weeded out. The residue would be put down for a square each, with perhaps an extra square for the man who, by common consent, was named the leading man of the *patti* — the bell-wether whose lead all would follow. Thus

(1) Village accountant.

(2) Dandy.

(3) Native clerk.

(4) Subdivision of a tribe.

the original crowd of applicants would be reduced to a band of men all connected by common descent, all physically fit to take up a life in a new country under considerable difficulties, all hard up for land, but with sufficient resources to start them. All enquiries would be made publicly at the time of selection, and verbally".

As on the Sidhnai, so on the Lower Chenab Canal the first steps were difficult. There was no railway, the nomad cattle thieves were hostile, prolonged drought had made the Bar more than usually desolate. Many colonists returned to their houses in despair. Those who remained and survived a severe outbreak of cholera reaped an excellent harvest from the virgin soil. The period of trial was a short one, and soon the demand for land among the peasants of the central and submontane districts became very keen, and has continued so ever since.

Probably the Lower Chenab Canal Colonization Officers between 1892 and 1906 had to deal with from 40 to 50 thousand selected immigrant peasants besides a host of clamorous applicants who besieged their gates without credentials. All the settlers from one Amritsar or Gurdaspur village were put into a single colony village.

The most suitable size for a new Estate was about 1,800 acres: 20 per cent. of the area was reserved as common pasture, and further reservations had to be made for the village site, etc. An ordinary village therefore contained from 40 to 50 allotment squares. If this was more than was required for one group of immigrants, another group, which could fit in well with the first, had to be put in the same estate. It then consisted of two wards, and usually each ward had its separate headman.

The Colonization Officer was by no means done with the colonist when he had sent him to the village with the slip of paper which indicated the square of which he was to be given possession. The Oriental believes that it is the duty of his ruler to be his "father and mother." The Colonization Officer had to listen to every complaint reasonable or unreasonable. If the irrigation arrangements were working badly he had to approach the Canal Officer. If a settler had fair ground for dissatisfaction with the square first allotted, he had to try to arrange for an exchange. He selected the land for the village site and insisted on its being laid out after a regular pattern with broad roads, commodious house sites, and fixed places outside for the deposit of manure.

His fatherly discipline included the enforcement of sanitary practices, the sinking of a drinking well and the planting of trees. Those who are acquainted with cramped and dirty sites in old Panjab villages will sympathize with his efforts. But it is quite likely that in the desire to make the colony a model settlement regulation was pushed too far. The later policy has been rather to pursue the same ends by less direct means, e. g. by making the insanitary state of a village a reason for deferring the sale of proprietary right.

The drafting of industrious peasants into the colony has from the economic point of view been a great success. A desert has been converted into one of the most prosperous of Panjab districts.

The arrangements for the location in separate villages of the nomads of the Bar were not ungenerous. They are a manly race and have proved so satisfactory both as cultivators and as citizens that it is matter for regret that even more was not done for them. Their villages are models of neatness and cleanliness.

Special grants to camel owners subject to a condition binding the grantee to maintain camels for military transport service were made later. The difficulty of working them successfully has been great, and economically they have been far less satisfactory than the ordinary grants.

A perception of the weakness of a society without natural leaders was probably behind Sir James Lyall's plea for a considerable admixture of yeoman and capitalist holdings. But his intentions were never really carried out. The grants were in fact used to a considerable extent as additional pensions to deserving native officials with no regard to their fitness or unfitness for country life. The pensioned hospital assistant or district judge was usually a townsman, and his sole interest in the colony was the collection of his rents. Even when genuine agriculturists were selected, they were naturally men who were doing useful work in their own districts. They had no wish to leave and their Deputy Commissioner preferred to keep them. Hence a clamour for exemptions from residence and wholesale absenteeism with or without leave. It is impossible to deny that from the standpoint of economics the peasant grantees proved far superior. But one cannot look without apprehension on a social chess-board on which all the pieces are pawns, and it is to be hoped that in time the more thrifty and energetic will become knights or castles.

The progress of allotment is shown in the following statement :

TABLE III. — *Lower Chenab Canal Colonization Scheme: Progress of Allotment.*

Period	Rakh Branch. Acres	Jhang Branch. Acres	Gagera Branch. Acres	Total. Acres
1892-95	421,000	—	—	421,000
1896-98.	431,000	390,000	—	821,000
1899-1904.	451,000	569,000	789,000	1,809,000
1905-1912	456,000	575,000	808,000	1,839,000

The work was practically completed in twelve years. In 1911-12 the colonists sowed 1,912,000 acres of crops. It is well that nearly 2 million acres should have been brought under tillage, but it is certainly regrettable that in a tract where manure is not largely used and which is copiously irrigated there should be no fallows. The best of land will not stand continuous cropping under these conditions, and canal engineers have

had painful experience elsewhere of the evil of water logging. It was intended that only three fourths of each holding should be irrigated every year. But in practice we have not yet succeeded in enforcing that wise restriction.

Nearly four fifths of the colonized area is in what has been constituted the Lyallpur district. It may be doubted whether in 1891 its population exceeded, 1,000 or 2,000 souls. Twenty years later the number was 857,711. Two railways passing respectively through the district unite in its south western corner with a third, which serves the Lower Jhelam Colony. They are the means of carrying an enormous export of wheat and oil-seeds to Karachi. Roads have been constructed, avenues of trees planted, and the district is one sheet of cultivation. The capital is at Lyallpur, which in 1911 had a population of 19,598 souls. In addition market towns have been established at other points on the railways. The sites were located on Government land. There was careful planning, demarcation of roads and of sites for shops, dwelling places and factories. The sites were sold and the proceeds devoted to the expenditure required to lay out the town on sanitary lines. The administration of Lyallpur was some years ago assimilated to that of an ordinary district.

§ 7. THE LOWER JHELAM CANAL COLONIZATION SCHEME.

The tract irrigated by the Lower Jhelam Canal contains a large area of excellent land. The colonization work is practically finished. Its progress is shown below.

TABLE IV. — *Lower Jhelam Canal Colonization Scheme : Progress of allotment.*

Period	Acres allotted
1902-04	148,000
1905-07	348,000
1908-10	388,000
1911-13	403,000

The land is fully cultivated. In 1912-13 386,798 acres were sown.

The peculiarity of this colony lies in the fact that more than half of the available land has been allotted on horse-breeding conditions. In India military security must over-ride purely economic considerations. In parts of the Panjab horse-breeding is a favourite pursuit, and Government has done much to improve the country bred horse by importing stallions. Native cavalry has been able to obtain mounts in the country, but the horsing of the heavier English cavalry has always been costly, as remounts from Australia had to be purchased. It was decided to make a big experi-

ment as to the possibility of breeding locally horses good enough for heavy cavalry. The settler would be required to keep a brood mare passed as fit for the purpose by an Army Remount officer. Government stallions would be kept at convenient centres, the young stock, when good enough, would be bought from the colonists at 10 months or under and drafted into a remount dépôt, to be reared there till they were fit for service. The Mona Remount Dépôt covers an area of nearly 10 square miles, and a similar area has been reserved for a mule run near Sargodha, the capital of the Colony. Native Cavalry regiments have been given allotments for stud farms and horse runs both in the Lower Jhelam and Lower Chenab Colonies.

The Colonization Scheme comprised :

- (a) Horse- breeding Peasant Grants. As the grantee had to maintain a mare the size was 2 squares or 56 acres.
- (b) Horse- breeding *Safedposh* (1) grants for men of higher rank, who would keep more than one mare. $1\frac{1}{2}$ square per mare was allotted.
- (c) Studfarms of the same class as (b) but of larger size.
- (d) Peasant grants without horse- breeding conditions.
- (e) Civil grants without horse-breeding conditions, corresponding to yeoman and capitalist grants on the Lower Chenab Canal.

In addition there were allotments for *Janglis* (2), for tree planting, for village head-men, and for menials. The last class consisting of sweepers, leather workers, blacksmiths, carpenters, etc., play a very important part in the rural economy of the Panjab.

In the Panjab Colonies Report for 1912-13 the distribution of the land is given as follows :

TABLE V. — *Lower Jhelam Canal Colonization Scheme : Distribution of the Land.*

Nature of Grant	Acres
Peasant horse-breeding	194,702
<i>Safedposh</i> horse-breeding	22,279
Studfarms	6,754
Infantry grantees	39,283
Civil grantees	23,250
<i>Janglis</i>	59,816
Village menials.	10,869
" headmen	7,253
Tree planting	3,505
Army Remount Dépôts	20,068
Regimental Stud Farms.	8,436
Proprietary	6,540

(1) " *Safed posh* " (White robed) = gentleman.

(2) " *Janglis* " = the original inhabitants of the Bar.

Here only 10 per cent. of the village area was reserved for grazing. A large common is not wanted where irrigation secures people against scarcity of fodder.

The peasant paid no entrance fee. He was bound to reside and could not alienate. If he brought half the area of his grant under tillage he was entitled after five years to permanent tenant right free of charge if he was a horse-breeder, otherwise on payment of 2s. 8d. an acre. The horse-breeding tenant had no reason to grumble at his obligation to sell young stock to Government, for the average price fixed was very liberal. It has been necessary in the case of these service grants to provide for devolution by the rule of primogeniture.

The *safedposh* grants were subject to much the same stipulations. An entrance fee was charged. Residence might be excused. Primogeniture was applied to all the service grants and to all the ordinary grants exceeding 4 squares.

On the whole the peasants have proved good horse-breeders, but the larger grants have often been failures. A fair supply of good remounts has been obtained, and the horses which are not good enough for British cavalry are available for native regiments, which can also buy direct from the colonists. The number of brood mares in the Colony is probably about 3,500. The working of the scheme is shown in the annexed table:

TABLE VI. — *Lower Jhelam Canal Colonization Scheme: Results of the Horse-Breeding Grants.*

Year	Foals born	Percentage of successful coverings	Purchases		
			British Cavalry	Native Cavalry	Total
1904-05	563	37.8	128	6	134
1907-08	1,756	55.5	579	148	727
1909-10	1,668	42.5	489	145	634
1910-11	1,836	47.4	369	103	472
1911-12	1,870	47.7	402	101	503
1912-13	1,646	47.5	374	122	496

A few years ago there were circumstances which led the people to think that Government would not insist strictly on the fulfilment of the conditions, and this appears to have given the scheme a set-back, which it may be hoped will be temporary. Service conditions have hampered the agricultural development of the Lower Jhelam Canal Colony. The number of colonists has been limited by the necessity of giving the horse-breeder two squares instead of one. Primogeniture is foreign to the ideas of the Panjab peasant. A man's sons will not unite whole-heartedly in

developing a grant if the eldest son is finally to reap the fruit of their labours

At first nature seemed to conspire against this Colony. There were virulent outbreaks of plague in 1904 and 1907, and in 1905 the spring crops were injured by frosts and the cotton crop destroyed by boll-worm. But neither the handicap of service conditions nor natural calamities have prevented the success of the settlement, which has converted 400,000 acres of waste into a well cultivated plain and provided a comfortable livelihood for thousands of peasants. These people have been largely drawn from North Western districts, and as a rule profess the faith of Islam. The proportion of land included in old proprietary estates is much larger on the Lower Chenab Canal. The old landowners are Muhammadans, and it is just as well that their new neighbours should be their co-religionists. Service conditions make it difficult to allow the tenants to acquire ownership.

§ 8. THE LOWER BARI DOAB CANAL COLONIZATION SCHEME.

When the Lower Bari Doab Canal Colonization Scheme was drawn up there was much past experience to draw upon. Clearly the larger grants had in no way served the purpose for which they were created, and service grants, however useful to the Army, were economically inferior to peasant grants. The special reasons which on the Lower Chenab Canal led Government to sell the proprietary right at a small fraction of its real value did not apply. In view of the eager competition for land and the evidence that had accumulated as to its value it was urged that, before finally parting with public property, the State was bound to demand a fair price. The days were past when to settle in a new colony involved any special hardship. Yeoman and capitalist grants were given up, and land grants to meritorious native officials were condemned. But 75,000 acres were reserved for grants of 125, 250, and 375 acres to members of the hereditary landed gentry. No condition of residence was imposed, and the recipients will generally fulfil the rôle of absentee landlords. Even so those who know the Panjab best will approve. The grantees, if they seek to acquire ownership, will get the same terms as ordinary peasant settlers. But to get land at all in a colony, is now looked on as a valuable privilege. The capitalist or retired public servant will have the opportunity of bidding for land at auctions, as it is proposed to sell in this way an area of 125,000 acres.

An attempt has been made to retain the military advantages of service grants while avoiding their economic defects. An ordinary allotment will consist of one rectangle of 25 acres. If the grantee fulfils the conditions he will be given permanent tenant right after five years. He can convert this five years later into ownership by paying the market value as deduced from auction sales less a percentage which had not been determined when

the scheme was sanctioned in February 1914. The purchase money may be paid in instalments extending over 30 years. Till it is paid the settler remains a tenant paying a rent of 1s. 4d. an acre in addition to charges for water rates, land revenue, and cesses which owners pay. These holdings descend on the grantee's death to his sons in equal shares.

Most of the new estates will also contain a certain proportion of 7,000 "service" rectangles with a total area of 175,000 acres. 5,000 will be held on condition of maintaining a brood mare for horse-breeding and 2,000 on a like condition for mule breeding. The total area of the estates containing service rectangles will be 680,000 acres. No one will be allotted a service rectangle who has not already got a rectangle on ordinary terms. The settlers most likely to be efficient horse-breeders will receive a service rectangle in addition. The competition for these extra rectangles will be keen. Government will not part with ownership. They will be given on lease, but probably for an indefinite term, and the lessee who fulfils the conditions will run no risk of ejectment. It will be necessary on the death of the lessee to admit only one of his heirs as successor. But the existence of the family rectangle gives other sons a permanent stake in the colony.

Of this area of 680,000 acres there will be put at the disposal of the Commander-in-Chief 103,000 acres for deserving native soldiers. A similar plan was followed in the Lower Jhelam Colony, the selection of military colonists by the civil authorities, as was the rule in the Lower Chenab Colony, having proved a troublesome business. Settlers for the rest of the area will be obtained locally from the two districts, Montgomery and Multan, served by the canal, and from other western and west-central districts. But in addition, villages with an area of 80,000 acres will be reserved for peasant settlers of the best agricultural tribes from the crowded districts of Amritsar, Gurdaspur, Hoshiarpur, and Jalandhar. These men will not be horse-breeders, but it is hoped that their farming will be a pattern to the less expert peasantry from the western districts. The full proposals are shown below.

TABLE VII. — *Lower Bari Doab Canal Colonization Scheme : Distribution of the Land.*

§ 9. THE "VALUE OF COLONY LAND.

Rough estimates may be given of:

(a) the value of Colony land, and

(b) the yearly income which the State derives from it.

The result of auction sales is shown below.

TABLE VIII. — *Auction Sales of Colony Land.*

Colony	Year	Acres	Average Price £. s. d.
Lower Chenab	1892	8,793	2 17 0
Upper Bari Doab	1896	10,912	3 8 0
Lower Chenab.	1899	5,107	8 19 0
Lower Chenab.	1900	9,913	7 7 0
Lower Jhelam.	1902	4,783	10 4 0
Upper Bari Doab	1905	1,132	17 12 0

In August 1913 land was sold on the new Upper Chenab Canal at an average price of £15 2s. 8d. an acre. Putting it moderately, agricultural

land in a colony in its unreclaimed state is now worth £10 to £15 an acre. The following figures illustrate the rapid rise of the renting value of land on the Lower Chenab Canal :

TABLE IX. — *Rental Value of Land on the Lower Chenab Canal.*

Year	Jhang Branch I		Jhang Branch II	
	Acres	Average Rent	Acres	Average Rent
1902-03.	2,612	8 shillings	4,385	7 $\frac{1}{2}$ shillings
1908-09.	9,446	12 shillings	15,264	10 shillings
1909-10.	12,283	15 shillings	16,875	11 shillings

Some addition should be made on account of charges properly payable by the landlord which he transfers to the lessee. Annual charges in the fully developed Lower Chenab Colony may be roughly estimated as :

Water Rate	4	to	5 $\frac{1}{2}$	shillings per acre
Land Revenue	2 $\frac{1}{2}$	to	3 $\frac{1}{4}$	" " "
Cesses	$\frac{1}{3}$	to	$\frac{1}{2}$	" " "
Total	6 $\frac{1}{4}$	to	9 $\frac{1}{4}$	" " "

The water rates are very low as compared with those on the Egyptian canals.

* *

The colonization of canal lands in the Western Panjab has been a notable achievement. The problems to be faced have been novel and sometimes difficult. While mistakes have been made, it is nevertheless true that a great experiment is being steadily carried to a successful issue, and that the wealth and prosperity of the Panjab has been vastly increased thereby.

UNITED STATES.

MISCELLANEOUS INFORMATION.

I. — **SOME ATTEMPTS TO UTILISE SURPLUS TOWN LABOUR IN AGRICULTURE.** — An article in the *Country Gentleman* of July 4th, 1914, describes the work of a number of agencies in New York which are helping, each in its own sphere, to solve the problem of providing labour for the farms; some by establishing town workers with a little capital of their own upon small farms in New York State, others by drafting unemployed town labourers into the country districts where there is a demand for their services.

The situation which agencies of the latter type are trying to adjust is one which may be found in some form in almost any country. There are at all times in New York City large numbers of unemployed, many of whom, it has been proved, are capable of performing useful work in agriculture. With the object of inducing suitable men to accept such work the Deputy Commissioner of Agriculture has opened a Labour Bureau or Exchange in New York. Here he interviews men who are willing to leave the city and work on farms; ascertains what experience if any they have of farm work; and endeavours to place each man in a position of some kind in the country.

It has been found that the men who make use of the Exchange belong to two principal groups. The first are the immigrants who were employed in agriculture in their own country and who are, therefore, likely to be worth a higher wage in agriculture than in any town occupation, since any work of the latter kind which they are capable of performing must necessarily be of the lowest type of unskilled and probably casual labour.

Unfortunately it is just those immigrants who are fascinated most by the bustle and excitement of the towns. Many of them have friends in inland towns, already engaged in unskilled work in factories or foundries, who take charge of them upon their arrival at New York; but there are always men who upon landing remain practically stranded in the city. The Exchange seeks out those men and tries to put them into touch with farmers seeking help who are willing to pay the railway fare to the farms.

The second class of desirable farm labourers is made up of the boys and young men originally from the country who have failed in the town.

Many of these are mere lads who have left the farms for the town at the first opportunity, who have tried one occupation after another without success, and who are ready to go back to the country where at least they are certain to find good food and a warm lodging. The lads are sent on to farmers who make application for help to the Exchange. The railway fare is advanced by the State and refunded by the farmer. Every effort is made by the Deputy Commissioner to select suitable help for each farmer who applies to the Exchange; but he points out that responsibility for the labour problem lies to some extent with the farmers themselves who sometimes fail to make proper provision for the welfare of the labourers they employ. The problem is largely one of seasonal labour, and the New York Labour Exchange does everything in its power to reduce the demand for such labour, trying in every case to induce farmers to make yearly contracts with their labourers and arrange the work so as to keep the men on the farm constantly employed. The officers connected with the Exchange try also to ensure that the farmers pay the men they employ the full market value of their labour. They fix \$300 a year, with a cottage free, as a fair wage for an experienced married man, and from \$18 to \$30 a month with board for an unmarried man.

The Exchange has occasionally sent batches of men into the country districts to seek for work, but as a rule it waits for applications from the farmers. Occasionally, too, the Exchange has extended its activity beyond the State of New York and sent skilled farm labourers into New Jersey, Connecticut and Pennsylvania.

One of the agencies which is contributing to the relief of the towns by transforming poor town dwellers into farmers is the Jewish Agricultural and Industrial Aid Society. This Society administers a fund established twenty-five years ago by Baron de Hirsch, and the fund serves to finance the Baron de Hirsch Agricultural School at Woodbine, New Jersey. More than 900 poor boys drawn from the worst parts of large cities have received one or two year's training in practical agriculture at this school, and have passed on to situations on farms. In addition, the farm-labour department of the Society, during the six years it has been in operation, has found situations on farms for 3,578 men. The Society also makes loans to heads of families to enable them to acquire farms and settle permanently upon the land. Naturally the Society confines its activities to members of the Jewish faith.

Columbia University has also turned its attention to the problem of encouraging a movement from the towns with the object of counterbalancing the rural exodus, and has founded in New York City an institute under the direction of an agricultural specialist to provide short courses in agriculture for town workers. Professor Morgan, the Director in charge of this work, believes firmly that one year's instruction in agriculture followed by a year of supervised practical work on a farm is a sufficient training to fit men who have hitherto worked in towns for earning their living in agriculture. It is too early yet to speak of the results of his efforts, but

Professor Morgan is enthusiastic and sanguine, and the experiment of turning discontented town dwellers into farmers is likely to prove interesting.

* * *

2. -- BANKERS' COMMITTEES ON AGRICULTURAL DEVELOPMENT AND EDUCATION. -- During the past few years the farmer and his problems have been very widely discussed in the United States, not only by persons who depend more or less directly upon agriculture for their living, but by business men, railway men, bankers and others whose interest in the farmer is indirect. The formation of County Development Committees, Country Life Committees and similar associations has enabled each of these classes to contribute in some degree to the progress of a movement which has for its objects the better organisation of agriculture and the amelioration of life in the country; but some three years ago American bankers took the significant step of creating special committees of their State Associations with the title of "Bankers' Committees on Agricultural Development and Education".

At the first Conference of delegates from these Committees held in October, 1911, seven States were represented. A year later the number of states had increased to twenty-three and at the present time there are about thirty-eight Committees in the country. At the end of 1913, with the object of making the work of the Committees more effective as well as more widely known, the bankers founded a weekly review which, under the title of the *Farmer-Banker*, appears to have met with considerable success as a farm paper.

The Bankers' Committees are intended in the main to act as propagandist bodies carrying on a campaign for the improvement of technical agriculture and for the better organisation of the whole farming industry. Their aim is to disseminate information gathered by the numerous agencies, official and private, already working on behalf of better farming; and to some extent to co-ordinate the work of such agencies. The bankers — probably with a good deal of reason — assert that the existing agencies for agricultural research and education have accumulated a vast amount of valuable information which, in spite of the efforts made to disseminate it, still remains to a large extent unutilised. They propose to make this information better known through the medium of their weekly paper and the proceedings of the separate State Committees and the Annual Conference.

In a pamphlet which bears the title "The Banker-Farmer Partnership" are indicated some of the questions to which the bankers intend to devote special attention. They include farm demonstration work, soil surveys, road improvement, vocational training in rural schools, the marketing of agricultural products and the question of agricultural credit.

The views of the bankers as a body upon the subject of agricultural credit might naturally be expected to carry exceptional weight, but un-

fortunately American farmers are disinclined *a priori* to accept the views of bankers upon banking. The farmers apparently argue that a scheme which is good for the bankers is necessarily bad for the farmers, overlook- ing the fact that the scheme may possibly be good for both. Briefly, the attitude of American bankers upon the question is that existing institutions, including in the first place the banks of the country but including also such agencies as building associations and life insurance companies, are capable of providing all the credit which can be usefully employed in agriculture. They admit that some modification of the existing system and of the banking laws as they now stand may be advisable; but they are opposed, in general, to the creation of new credit associations or institutes. Or perhaps it would describe their position more correctly to say that they are opposed to the creation of new credit institutions until it has been proved that existing institutions are incapable of meeting all the whole of the legitimate demand for credit for agriculture.

The bankers, however, have not made the mistake of using their Committees merely for the purpose of advertising their views on the question of credit. They are using them rather to combat the idea that the interests of the banker are antagonistic to those of the farmer, and at the same time to direct the serious attention of bankers throughout the United States to the importance of making a close study of the problem of financing the country's greatest industry, — agriculture.

(Summarised from the *Banker-Farmer*, Vol. I, Nos. 1-6, December 1913—May 1914).

* *

3. — FARM TENURE IN TEXAS. — The Census Bureau in the United States first gathered information regarding farm tenancy in 1880. At that time 37.6 per cent of the farmers in Texas were tenants, and the proportion of tenants has grown continuously until, in 1910, it reached 52.6 per cent. The movement is shown in the following figures relating to the occupation of farms :

	1880	1890	1900	1910
Owners and Managers . . .	62.4	58.1	50.3	47.4
Tenants	37.6	41.9	49.7	52.6

Although the owners form less than half of the total number of farmers in Texas, they occupy and operate more than 60 per cent of all farm land. Owned farms, that is to say, are generally larger than rented farms. Owners and Managers together operate 79 per cent of all farm land, while tenants, though forming 52.6 per cent of all farmers, operate only 21 per cent of the total farm acreage. The difference is less marked, however, if we consider not total area of farm land but the area of "Improved farm land".

Owners operate 52.6 per cent of the improved farm land, tenants 44.5 per cent, and managers only 2.9 per cent.

Over 75 per cent of the farmers of Texas are native born white, about 8 per cent are foreign born white, and about 16 per cent are negroes. Of the white farmers only 49 per cent are tenants ; of the negro farmers 69.5 per cent are tenants. Of all land in farms operated by white farmers, over 60 per cent was in farms operated by owners and about 20 per cent was in tenant farms. In the case of negro farmers 40 per cent of all land was under ownership while over 50 per cent was occupied by tenants.

It seems that the preference for ownership is stronger among foreign born than among native born whites ; of the former, nearly 58 per cent are owners while only 49.5 per cent. of the latter are owners.

The outstanding fact with regard to tenancy in Texas is its relation to cotton growing. In the cotton belt of the State the proportion of tenancy is 60 per cent and over. Although the percentage of tenancy is higher for negro than for white farmers it does not follow that a high proportion of negroes in the population of a particular region signifies always a high percentage of tenants. In the cotton counties of Texas, where tenancy is highest, the proportion of negroes in the population is comparatively low.

As a rule the proportion of tenancy is highest in those sections of the State where the price of land is highest, but there are important exceptions to the general rule. Galveston County has the highest average price for farm land in the State, namely 78 dollars per acre, yet the proportion of tenants is only 18.4 per cent. Robertson County has the highest percentage of tenancy, but the average price of land there is only 15 dollars.

The form of tenancy in Texas is predominantly share tenancy, and even the small proportion of cash tenancy, which exists seems to be declining. In 1890, the proportion of farms held under cash tenancy was 8.8 per cent ; in 1900 it was 7.3 per cent ; and in 1910 only 6.3 per cent.

(Summarised from the *Bulletin of the University of Texas*, No. 258).

* *

4. — THE RELATIVE GROWTH OF THE NEGRO POPULATION. — In view of the fact that an article on the "Social and Economic Progress of the Negro Farmer" appeared in a recent number of the *Bulletin* (1) it will be useful here to reproduce from the *American Economic Review* some information as to the movement of the negro populations between the first census in 1790 and the last census — the thirteenth — in 1910.

At the first census the negroes formed 19.3 per cent or nearly one-fifth of the entire population ; in 1910 they formed only 10.7 per cent. During the whole period of a hundred and twenty years which separates the first census from the last the white population was shown to have increased

(1) *Bulletin of Economic and Social Intelligence*, June, 1914.

more rapidly than the coloured in every decade except two. Between 1800 and 1810 the whites apparently increased 36.1 per cent while the increase among the negroes was slightly greater, namely 37.5 per cent. Again, at the census of 1880 the increase shown among the whites was about 30 per cent against an increase among the negroes of 34.9 per cent. The results of the 1880 census were regarded by many white people with a good deal of alarm, and it was argued that emancipation of the negroes was leading inevitably to the swamping of the white population in the Gulf States. It must be noted, too, that in the decade between 1870 and 1880 there had been very little negro immigration while white immigrants had been numerous, so that the difference between the negro rate of increase and the white rate of increase appeared to be even greater than was shown by the census figures.

However the fears of the alarmists were soon dispelled. At the next census in 1890 it was officially reported that, while the black population had increased 13.5 per cent, the increase for the whites was no less than 27.7 per cent. Between one decade and another, that is to say, the rate of increase for the negroes had dropped from 34.9 to 13.5 per cent; and in the next decade, according to the census of 1900, it rose again to 18 per cent. Negro immigration and emigration during these years were alike inconsiderable and it is admitted that the fluctuations were not really so great as shown in the census results, that the enumeration had, in fact, been defective.

In 1870, the disorganised state of the country had prevented a satisfactory count of either race and, as society was most disorganised in the sections where the negroes were most numerous, the census enumerators had overlooked more negroes than whites, and the increase shown for the negroes between 1870 and 1880 was, therefore, too high. Again, in 1890, the census taking was badly done and, according to the writer in the *American Economic Review*, "In all probability the rate of negro increase between 1880 and 1890 was about 16 per cent rather than 13.5; and between 1890 and 1900, under 15 per cent rather than 18 per cent as reported".

Past experience makes it difficult to decide whether the official figures may be accepted or not, but if the census of 1910 was accurately taken there has again been a drop in the negro rate of increase, which is returned as 11.2 per cent.

Few if any of the states in which the negroes are relatively numerous have an efficient system of registration of births and deaths, and this deprives us of the only efficient means of checking the census figures. The writer whom we are quoting thinks that the true increase may have been about 14 per cent, *i.e.* some 3 per cent greater than shown in the census figures, and concludes, "Even if the census returns were inaccurate to that extent, certain very important results to which they point would be unaffected. It would still remain true that in the country as a whole the whites are increasing relatively faster than the blacks, and that their absolute increase is many times as great".

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

AUSTRIA.

ALMANACCO AGRARIO PER L'ANNO 1915 PUBBLICATO PER CURA DELLA SEZIONE DI TRENTO DEL CONSIGLIO PROVINCIALE D'AGRICOLTURA PEL TIROL (Agricultural Almanac for the Year 1915, published by the Trent Division of the Agricultural Provincial Council for the Tyrol) Trent, 1914. Tip. Art. Trid.

The 1915 number of the Agricultural Almanac, published annually by the Trent Division of the Agricultural Provincial Council of the Tyrol, has just appeared. We have already had occasion in this Bulletin to point out the importance this publication has assumed in the course of the years. The compilation of the almanac for 1915 naturally has suffered by the war breaking out while it was in progress. There are fewer pages, we find. The annual is reduced this year to the proportions strictly necessary; but, in spite of this, it will yet be found of considerable utility, owing to the abundance of valuable statistics and other information it contains.

UNITED STATES.

TRIMBLE, (WILLIAM J.): THE INFLUENCE OF THE PASSING OF THE PUBLIC LANDS. *Atlantic Monthly.* pp. 755-767. June, 1914. Boston : The Atlantic Monthly Company.

Mr. William J. Trimble is Professor of History and Social Science in a North Dakota College and writes, in addition, with the fuller knowledge of agricultural conditions which only practical experience can give. His theme is the profound change which is being wrought in American life and in American ideas by the passing of the once vast public domain into private ownership.

After pointing out the extraordinary rapidity with which the public lands were occupied, the writer examines some of the moral and material results of this swift settlement. The material results were obvious. The output of the products of the soil, of the forests, and of the mines, was in-

As to deer forests, they recommend that much of the land now utilised for this purpose should be made available for extending existing grazings of small holders and for creating new small holdings.

We shall treat these two Reports at greater length in an early issue.

MAC DERMOTT (THE REV. G. M.): Agricultural Conditions in Norfolk. "The Economic Review." London : October 15th., 1914.

Starting with the remark "Facts, facts, and still more facts — this is what is essential for a right apprehension of every social problem," the Rev. G. M. MacDermott makes a small contribution to the right apprehension of the English land problem by giving a few facts concerning the wages and conditions of work of agricultural labourers in that county of England with which he is best acquainted. His summary of the agricultural labourer's position in Norfolk is this: "He is well off while he is single ; he can just manage to live when he has a wife and three or four children ; but if he has a large family the struggle to make both ends meet is severe and most trying for both parents."

ITALY.

ANNUARIO DEI COMIZII AGRARI ATTIVI 1914. Consociazione dei Comizi Agrari Italiani. (Year-book of the Agricultural Comizii working in 1914. Association of Italian Agricultural Comizii) Terni, 1914. Printed by Augusto Visconti. 50 pages.

This Yearbook, compiled by the meritorious *Consociazione dei Comizii Agrari Italiani*, gives lists of the Agricultural Comizii working in each region, with, in each case, the members of the board of management and the number of members of the comizio. We learn from this useful publication that on October 1st., 1914, the 129 agricultural comizii registered had altogether 25,416 members and there were 1,515 members on their boards of management, amongst which are to be found the names of the most experienced and intelligent farmers of every province.

LE MIGRAZIONI PERIODICHE INTERNE DEI LAVORATORI AGRICOLI (Periodical Home Migrations of Agricultural Labourers). Supplement to the *Bollettino dell'Ufficio del Lavoro*. No. 25. Ministero di Agricoltura, Industria e Commercio, Direzione Generale della Statistica e del Lavoro. Rome, 1914. Officina Poligrafica Italiana. 118 pages.

In this Supplement to the *Bollettino dell'Ufficio Nazionale del Lavoro* (Bulletin of the National Labour Office) are published the results attained by means of an enquiry carried out by the Labour Office into the prin-

cipal migratory movements of farm labourers in 1913. Special consideration is given to the movements in connection with cleansing the rice plants and harvesting the crop. The total number of labourers emigrating towards the more important centres of rice cultivation was in that year, for the work of clearing, 50,261 persons (12,446 men and 37,815 women), and for harvesting 24,997 persons.

The report is accompanied by various tables which furnish most useful and interesting information in regard to the days during which the emigrants are absent and on which they work, the means of transport employed, the districts to which emigration is directed and finally the seasonal and daily earnings of the labourers.

SCANDINAVIAN COUNTRIES.

FROST (Dr. J.): *Die innere Kolonisation in den skandinavischen Ländern. (Home Colonisation in Scandinavian Countries)*. Berlin, 1914. Paul Parey. 77 pp.

The work of the Scandinavian Governments in relation to home colonisation has been and still is very active, perhaps more so than that of other European States. These countries have a very sparse population, and the emigration from them is very considerable, and thus they contrast with other lands, the emigration from which is due chiefly to excessive density of the population. Urbanism is here also an important phenomenon, due both to the prosperity of commerce and industries and to the rapid disappearance of a whole class of farm labourers who were bound to the soil by contracts made for life (Husmaend, Torpare, etc.).

These factors make the work of home colonization necessary ; and it is promoted by the three Governments on similar lines, although the different conditions of the several countries often lead to very considerable differences in regard to legislation. Dr. Frost examines the work of colonisation in Denmark, Sweden, and Norway, in turn. In a short introduction and in the conclusion, he notes the general characteristics of the three systems of legislation and points out their differences ; finally, he notes the lessons that the other States of Europe, and especially Germany, may derive from a study of the home colonisation of Scandinavia.

SWITZERLAND.

EXPOSITION COLLECTIVE DES DÉPARTEMENTS CANTONNAUX D'AGRICULTURE A L'EXPOSITION NATIONALE DE BERNE 1914. (Collective Statement of the Cantonal Agricultural Departments for the National Exhibition at Berne, 1914). 158 pages.

The essential portion of this publication may be divided into three parts, exclusive of the appendix. The first shows the expenditure supported by

the cantons in the various branches of agriculture, and especially in connection with agricultural schools and the attendance at them in 1912 and 1913-14, horse, horned cattle and goat improvement, farm improvement, the cultivation of plants, dairying, livestock and hail insurance and agricultural societies. The second part shows, with the help of statistical tables, the fluctuations in expenditure in connection with subventions for agriculture in the years 1880, 1890, 1900 and 1912 ; the material is subdivided into four parts relating to the expenditure for agricultural education, livestock improvement, farm improvement and subventions for other departments of agriculture ; the fluctuations in the expenditure are summarised in a special table. The third part deals with the results arrived at.

The book concludes with a rich appendix containing the most recent agricultural legislation of the several cantons.

It is an excellent source of authoritative information in regard to the most various branches of Swiss rural economy.

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BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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Part I: Co-operation and Association

ITALY.

I. PROGRESS OF THE PROVINCIAL FEDERATIONS OF CATHOLIC RURAL BANKS,

The importance of the Catholic movement in the field of co-operative credit is well known, and we have more than once had occasion to refer to it when summarising the results of the Parliamentary Inquiry into the conditions of the peasants in the Southern provinces and in Sicily (1), the latter island being the region *par excellence* of the Catholic rural banks, and when exhibiting the results of the enquiry carried out in 1911 by the National Labour Office in regard to the Catholic Workmen's organizations in Italy (2).

We have already seen that the rural banks organized by the Catholics tend to federate and are indeed united in diocesan and provincial federations, adhering through the medium of special organizations (3) to the *Unione Economico-Sociale fra i Cattolici Italiani*, the great centre for the union and management of the Catholic institutions in Italy, with head quarters at Bergamo.

These federations, now to be found in almost all the regions in which the Catholic movement has acquired importance, besides their general object of representing the federated societies, usually also serve as banks for them, centralising capital, opening credits etc., and also at the same time

(1) In regard to the economic and social movement of the Catholics in Sicily and in particular in regard to the Catholic rural banks of that region, see the report of Prof. GIOVANNI LORENZONI, technical delegate for Sicily on the occasion of the above mentioned Parliamentary Enquiry. Vol. VI of the Enquiry Report, Part II, Chapter X.

(2) See in this connection *Bulletin of Economic and Social Intelligence*, August and September, 1912, pp. 27 and 45 respectively.

(3) That is to say, the Economico-Social Sections of the Diocesan Secretariats.

undertake the duty of inspecting the financial business of the affiliated banks.

Where there are no real and true federations discharging these functions, the banks are for the most part affiliated to superior credit institutes, which, as they have to grant them credit, always have supervision over their working.

In regard to some of these federations we are now in a position to communicate the following facts, beginning with the most important and best regulated: the Federation of Rural and People's Banks of the Province of Bologna.

(a) *Federazione delle casse rurali e popolari della provincia di Bologna.*

— This is one of the most meritorious Catholic co-operative societies, and in a life of ten years it has seen the number of banks affiliated to it and their members continually increase, as the following figures show:

Years	Federated Banks	Members
1905	53	4,057
1906	61	4,593
1907	62	4,882
1908	64	5,003
1909	64	5,049
1910	71	5,967
1911	80	6,766
1912	81	7,123
1913	82	7,357

There are now 84 federated banks with 7,473 members: these are almost all the banks in the Province of Bologna.

It may be interesting to give a rapid glance at the general situation of the banks affiliated to the Federation in different years, seeing that the tenth anniversary of its foundation was reached last December; we give the total amounts below:

Years	Federated Banks	Total Business Done Frs.
1904	29	545,554
1907	62	1,511,882
1910	71	2,694,526
1911	80	3,101,837
1912	81	3,411,098
1913	82	3,648,742
June 30th., 1914	83	3,713,916

The progress has been continual, which shows the regular working of these useful institutions. In particular, evidence of the confidence they

inspire is given by the figures for the deposits collected, which we give below:

Years	Federated Banks	Deposits — Fr.s.
1904	29	368,292
1907	62	1,324,911
1910	71	2,327,034
1911	80	2,704,954
1912	81	2,983,224
1913	82	3,283,850
June 30th., 1914	83	3,497,694

With an average per bank of 12,700 frs. in 1904, 21,370 frs. in 1907; 32,775 in 1910; 33,810 in 1911; 36,830 in 1912; 40,046 in 1913 and 42,140 on June 30th., 1914.

But the fluctuations in the amount of the loans granted to members, as shown below presents the greatest interest:

Years	Federated Banks	Amount of Loans — Fr.s.	Average per Banks — Fr.s.
1904	29	308,157	10,626
1907	62	626,957	10,112
1910	71	1,400,155	19,720
1911	80	1,606,983	20,008
1912	81	1,859,699	22,960
1913	82	1,944,900	23,720
June 30th., 1914	83	1,998,604	24,080

Finally, the average net profits increased from 202.80 frs. at the end of 1904 to 231.60 frs. in 1907, to 234.20 frs. in 1910, to 268.50 frs. in 1911, to 278 frs. in 1912 and to 285 frs. in 1913.

This is in outline the course followed by the federated rural banks of the province of Bologna, the results of which, as we see, in the first ten years of the life of their Federation, were satisfactory.

(b) *Federazione delle associazioni economico-sociali della provincia di Parma* (Federation of Economic and Social Associations in the Province of Parma). — On December 31st., 1913 there were 66 societies federated to it, that is to say 41 rural banks (3,632 members), 13 labour co-operative societies (650 members) and 12 agricultural co-operative societies (528 members).

The year 1913 marked a very considerable progress on the part of the rural banks from their situation in 1912, as is seen in the following table:

The General Business Done increasing from frs.	2,753,848	to frs.	3,213,458
Savings Deposits	„ „ „	2,109,503	„ „ 2,619,760
Loans on Bills	„ „ „	2,118,012	„ „ 2,439,801
Cash Deposits at Interest .	„ „ „	9,291	„ „ 72,650
Debit Current Accounts falling	„ „ „	285,380	„ „ 220,002
Reserve Funds increasing	„ „ „	66,312	„ „ 86,653
Net Profits.	„ „ „	23,661	„ „ 26,614

Above all noteworthy and characteristic was the decrease in the amount of the debit current accounts and the increase in the deposits at interest. As we see from the reports of the society on March 31st., 1914, the situation had again improved, so that the savings deposits and the debit current accounts on the one hand, the loans and the cash deposits at interest on the other balanced each other; and it may be said that the banks themselves had been no burden upon the *Cassa Centrale per le casse rurali cattoliche d'Italia* (Central Bank for the Catholic Rural Banks of Italy), Parma. While, indeed, in 1912 the banks in which the liabilities exceeded the assets and which had therefore to have recourse to the Central Bank to establish an equilibrium were 25 and those that had cash in excess were 17, at the end of 1913, on the other hand, the number in which there was a scarcity of money was only 18 and that of those that had an excess of it 23.

As we have had occasion to mention here the Central Bank for the Catholic rural banks of Italy, a limited liability co-operative society with unlimited capital, we think it advisable, in order to give an idea of its importance, to reproduce the figures of its balance sheet for May 31st., 1914: *Credits*: cash, 1,010,235.57 frs.; bills and acceptances, 7,833,349.92 frs.; anticipations on pledge of securities, 76,838.30 frs.; real estate, 580,000 frs.; Government securities etc., 3,362,409.19 frs.; guaranteed current accounts, 4,835,255.39 frs.; correspondents, 420,414 frs.; miscellaneous items, 181,506.51 frs.; furniture, safes and cash boxes, 83,956 frs.; bills received for payment, 31,562.69 frs.; total credits, 17,965,528.43 frs.; securities in deposit, 7,513,970.25 frs.; general total 25,479,498.68 frs. *Debits*: Deposits withdrawable on demand, 9,697,515.01 frs.; deposits for fixed terms, 5,310,845.54 frs.; correspondents, 1,708,367.28 frs.; miscellaneous items, 166,656.10 frs.; total debits 16,883,383.93 frs. — *Capital of the Bank*: Fully paid up, 443,400 frs.; ordinary reserve fund, 399,060 frs.; extraordinary reserve fund against the fall in value of securities and losses on bills, 195,000 frs.

The office of this central bank for the rural Catholic banks is elsewhere performed by institutes akin to it, called *Small Credit Institutes*.

(c) *Federazione delle Casse rurali della provincia di Forlì* (Federation of Rural Banks of the Province of Forlì). — This Federation with headquarters at Cesena includes about 30 rural banks, the situation of 25 of which on December 31st., 1913 was as follows: members, 2,564; capital and

reserve fund, 36,470 frs. ; savings deposits, 761,245 frs. ; debit current accounts and rediscount, 8,479 frs. ; loans, 759,797 frs. ; deposits at interest in the larger Institutes, 62,970 frs. ; net profits for the year 6,604 frs.

(d) *Federazione pistoiese delle casse rurali* (Pistoia Federation of Rural Banks). — At the end of 1913, the rural and workmen's banks federated were 42 with 3,800 members. At that date their general situation was as follows: bills and acceptances and members' current accounts, 1,953,385 frs. ; savings deposits, 1,445,066 frs. ; share capital, of the societies of collective title, 27,794 frs. ; of societies limited by shares, 32,907 frs. ; net profits for the year 1913, 10,433 frs.

(e) *Federazione interdiocesana delle casse rurali e operaie cattoliche di Firenze* (Florentine Interdiocesan Federation of Rural and Catholic Workmen's Banks). — The affiliated banks are 30, belonging to the provinces of Tuscany (Florence, Arezzo and Siena), exclusive of that of Pistoia. On December 31st., 1913, the principal figures of their general situation were as follows: members, 4,105 ; bills in safe, 915,944 frs. ; deposits at interest in current account, 152,650 frs. ; capital, 5,778 frs. ; reserve fund, 18,788 frs. ; deposits, 1,021,992 frs. ; debit current accounts, 74,145 frs.

Other similar federations exist at Bergamo, Reggio Emilia, Ferrara, Faenza, Rovigo, Turin, Acqui etc.

But if some of these federations, as we see, have been successful, exerting a somewhat efficacious action for the advantage of their affiliated societies, others have up to the present had a difficult and uncertain existence; more than this, many rural Catholic banks still live independent lives and present considerable differences in regard to their administration and technique; this isolation has at times led in many of the banks to a real disorganisation of the administration, revealed by regrettable failures, which have been rather frequent of late years.

With the object of avoiding these and other disadvantages and strengthening and reinvigorating the local federations remaining inactive, founding new ones and finally promoting an intense and thorough improvement of the technique of the rural banks, the *Federazione Italiana delle casse rurali cattoliche* (Italian Federation of Rural Catholic Banks) was reconstituted at Bologna on the fourteenth of last December.

Such a federation had indeed been founded at Bologna in the early part of 1910 in accordance with a decision of the Brescian Congress of rural banks in 1909. It worked during 1910 and 1911; then its Federal Committee was dissolved and the Federation only existed in name.

The renovated Italian Federation, to which the above mentioned provincial Federations were invited to adhere, proposes, amongst other objects, (a) to act as the representative of the federated banks and to promote friendly relations between them for moral and economic purposes ; (b) to institute local federations and new rural banks ; (c) to harmonize and substantially direct the work of inspection and courses of instruction in regard to the management and bookkeeping of the societies, for the members of the staff ; (d) to compile general statistics etc.

Its executive authorities are the Federal Council, consisting of the delegates of the registered Federations, and the Federal Committee, consisting of seven members elected by the Council.

The above objects of the Italian Federation, without doubt, make up a large programme. We shall see, hereafter, how it is carried out, and inform our readers in due course of the results obtained (1).

2. MISCELLANEOUS NEWS.

I. — STATISTICS AND INFORMATION IN REGARD TO THE LOMBARD DAIRY SOCIETIES. — In order to show the progress made in recent years by the Lombard dairy societies in regard to their administration and technique, the excellent *Società agraria di Lombardia* (Lombard Agricultural Society) opened a prize competition for the dairies of that region, whether legally constituted or merely existing *de facto* before 1913, treating an average quantity of milk of not more than 15 quintals, two thirds of which at least was transformed and not sold as milk. From the report of the committee appointed as judges for this competition (2), we derive the following information on Lombard dairy co-operation.

The report begins with two satisfactory statements: first, that, thanks to the legislative measures passed in recent years for the advantage of mountain, forest and pasture land (3) and to the work of the itinerant agricultural lecturers and the livestock improvement associations (4), the livestock of Lombardy has improved slowly but surely, even in the most remote valleys and grazing, the cultivation of cattle foods and the rearing of

(1) The above information and figures are reproduced from *Cooperazione Popolare*, the organ of the Catholic rural banks and mutual and co-operative societies, as well as of the Italian Federation of Catholic Rural Banks, Parma, Nos. 10-11, 13, 20, 23-24 of 1913, and No 1. of January 10th., 1915. The last number contains the rules of the Federation.

(2) See the *Bullettino dell'Agricoltura*, the organ of the society mentioned. Milan, Nos. 31 and 32, July 31st. and August 7th., 1914.

(3) See in this connection the article: *New Italian Forestry Legislation*, in the number of this Bulletin for July, 1911.

(4) See in this connection the article: *Livestock Improvement Associations in Italy*, in the number of this Bulletin for January, 1913.

cattle are receiving more and more attention ; so that, it is observed in the report, the moment seems to have arrived for intensifying the propaganda in behalf of dairy societies which " very often become in their turn centres of propaganda and progress and lead the way to mutual livestock insurance, the collective purchase of manure and material, the collective sale of members' produce, small agricultural consortiums, cattle service stations, courses in the theory and practice of dairying, societies for the treatment of milk in mountain districts, collective leases in such districts and distributive co-operation."

Another statement is that in the whole region of Lombardy there has been for some time observable a renewed activity exerted in behalf of the dairy societies, due both to the propaganda of technical experts and to the decision of the farmers themselves to adopt modern methods of dairying. So it happens that in the Valtellina, side by side with co-operative societies of older type, we now see numerous new organizations full of promise, amongst which we may mention the Gordona Co-operative Dairy Society. And in a few years in the Valleys of the Province of Como and especially in the neighbourhood of Lecco small dairies have multiplied and, whereas the entire province of Bergamo was almost without dairies, more than 50 have now arisen there ; in that province the dairies have federated, principally for the purpose of regulating the butter trade.

However, the number of dairies in the extensive hilly and mountainous region of Lombardy, consisting of the provinces of Bergamo, Brescia, Como and Sondrio, is not yet very large ; there are altogether about 200, of which many are merely societies in which the work is done by the different members in turn. Of these only 21 entered for the competition opened by the Lombard Agricultural Society.

Very various are the types of these dairies and the systems they adopt, though they always correspond with local requirements. And, indeed, some usually exclude from treatment a more or less considerable portion of their milk (up to one fourth) so as to sell it as milk in the larger villages and the neighbourhood of urban centres and health or summer resorts, to satisfy the demand of the foreign colonies and the local population who have not any. Others treat the milk and make butter and skim milk cheese ; in this case the members receive the cheeses due to them in consideration of the milk supplied and in money they only receive the value of the butter. No price is fixed for the cheese, or only one for bookkeeping purposes, to show the yield per quintal of milk.

As regards the production of butter, sometimes only enough is produced for local consumption ; when, on the contrary, the production is in excess of the consumption, it is readily sold in the large centres at the entrance of the principal valleys. In this connection we must mention the excellent example afforded by the dairy societies of Bergamo, which, as already observed, are closely federated for the purposes, among others, of the collective sale of the butter in excess of local requirements, of extinguishing mutual competition and obtaining higher prices by the collective sale of their produce.

The Federation of dairy societies of Bergamo closed its accounts for the year 1913-1914 on the nineteenth of last October, showing, as in previous years, excellent results (1). It indeed received from the 14 dairies federated to it 6,231 kg. of butter, which it sold at Bergamo, Clusone and Trezzo for 19,731.65 frs., which, when 1,236.30 frs. were deducted for costs of transport, packing, postal, customs and working expenses, gave a net price of 18,495.35 frs., or 2.96 frs. per kg. As we see, the price is very high, exceeding the average paid at Milan, which from November to May did not exceed 2.82 frs.

In some instances, for example at Capovalle and Morbegno, the dairy contracts to supply butter not to a co-operative organization, like this Bergamo Federation, but to a wholesale dealer, or directly, in small amounts, to private persons even in Central and South Italy. On the other hand, it is rarely that a dairy contracts to supply cheese: the cheeses serve for local consumption and, if any member finds himself overstocked, he sells for his own account locally or to dealers in the valley, or at most applies to the dairy to act as intermediary for him.

We shall now speak briefly of the constitution and bookkeeping of the competing societies.

They, in the first place, were for the most part of recent, some of very recent, foundation. The period for which they had worked varied from 1 year to 33 (Morbegno and Ponte) and 34 (Tirano). They are all co-operative societies, except that of Casto, in which the members work in turn, and that of Tirano, in which there are two systems of working, the co-operative, and the system of turns for a group of members less modern in their ideas and more hesitating. They are all simply organisations *de facto*, except the three at Cantello-Ligurno, Capovalle and Lavenone. The buildings belong to the Society at Gordona (value 50,000 frs.), Morbegno (18,000 frs.), Regoledo, Cantello-Ligurno, and Cerete Alto (10,000 frs.). The amount of milk supplied varied from 1 quintal (Valmoresca) the day to 12 quintals (Ello) the day. It is worked by dairymen who in many places have the diploma of the *Reale Stazione di Caseificio di Lodi* (Lodi Royal Dairy Station) or the *Reale Scuola Pastori di Brescia* (Brescia Royal Herdsmen's School) at Orzivechi: in other cases they have followed other special courses, for example at Morbegno and Bellano; lastly, in other instances, they have made a short apprenticeship in some dairy in the vicinity. The machinery and implements are those in ordinary use; in many cases, simple enough, in some instances, not even the property of the society but leased or lent by some of the members. The machines are worked sometimes by hand and sometimes by electricity.

As regards the books, in many dairies they are really very well kept, on a simple and complete system; the merit is often due to the organizations

(1) See in this connection, the *Bullettino dell'Agricoltura*, Milan, No. 48, November 27th., 1914.

for propaganda, which not only supply forms, but even assist the secretaries in making out the balance sheets. In some cases, however, the accounts are not well kept, but this is rather the fault of the persons than the system.

The Committee of judges appointed for the competition awarded the gold medals, supplied by the Department of Agriculture and the Lombard Agricultural Society, to the two co-operative dairies of Gordona (Sondrio) and Morbegno (Sondrio), in consideration of the excellence of their installation and technical management, the amount of milk treated, and the results obtained, and silver medals, likewise supplied by the Department and the same society to the Dairies of Ponte Valtellina (Sondrio), Cantello-Ligurno (Como), Rigoledo (Como), Cerete Alto (Bergamo), Vendrogno (Como), Ello (Como), Blessagno (Como) and Cologna al Serio (Bergamo). Other societies received bronze medals and encouragements.

* * *

2. — THE NATIONAL CREDIT INSTITUTE FOR CO-OPERATION. — This Institute, which was founded in 1913 for the purpose of furnishing credit to the Italian co-operative societies, and to the establishment of which the principal credit institutes of the country (1) contributed voluntarily, began work on January 1st, 1914. Its principal business consists in making advances on current accounts to societies against orders to pay issued by public authorities or other credits against such authorities, and in discounting bills, cheques and promissory notes on behalf of legally established co-operative societies and syndicates.

In addition to its regular business, the Institute may make unsecured advances to societies and syndicates provided that these are already doing a discount business with the Institute, have been working smoothly for at least three years, and satisfy the Institute as to the object of the loan and the time of repayment.

The capital of the Institute, on September 30th, 1914, amounted to 8,200,000 *lire*, and on the same date the loans outstanding amounted to 4,893,965.53 *lire*, distributed as follows:

Advanced against "orders to pay"	2,990,947.61	<i>lire</i>
Commercial paper discounted	1,165,459.97	"
Advanced against the cession of various credit accounts	471,150.45	"
Unsecured loans	266,407.50	"
	4,893,965.53	

(1) The National Workmen's Old Age and Disablement Society, 2,000,000 *lire*; the Bank of Italy and the Credit Institute for Co-operative Societies at Milan, each, 1,000,000 *lire*. A number of ordinary Savings Banks and of People's Banks also contributed important amounts. On the origin and constitution of the Institute, see an article in the *Bulletin* of December 1913, at page 28.

According to the type of society the advances were distributed thus :

Societies for production and labour	3,366,634.98	lire
Credit societies	1,132,537.64	"
Co-operative distributive societies	80,587.80	"
Agricultural co-operative societies	75,850.00	"
Various co-operative societies	238,355.11	"
	<hr/>	
	4,893,965.53	"

Geographically the distribution was as follows :

Lombardy	1,506,581.09	lire
Latium	1,293,307.23	"
Emilia	847,659.70	"
Ligury	799,469.15	"
Tuscany	252,585.23	"
The Marches	86,546.33	"
Venetia	59,816.80	"
Piedmont	45,000.00	"
Sicily	3,000.00	"
	<hr/>	
	4,893,965.53	"

The total of the discount transactions from January 1st to September 30th, 1914, was 8,904,164.91 *lire* (1).

The above are the principal operations of the National Credit Institute for Co-operation during the first nine months of its working. The transactions appear somewhat small in proportion to the growing credit needs of the Italian co-operative societies and, in fact, the societies, in a congress held at Reggio Emilia on November 4th, 1914, passed resolutions as follows :

(a) That the bye-laws of the Institute be modified without delay so as to enable it to undertake credit operations of all kinds in order to serve the needs of the different branches of the co-operative movement; and that the co-operative societies be admitted to form part of the Institute and be represented in its management;

(1) At present, in addition to the head-office in Rome the Institute has branch offices in Florence and in Genova (which have replaced the branch offices of the Milan Credit Institute for Co-operative Societies which formerly existed in these two towns) and has representatives in Mantua and Modena. Branch offices are being organised at Bologna, Verona, Padua, Ravenna, and Venice.

(b) That the Institute shall organise its work throughout Italy by the establishment of numerous branch offices (or if considered more advisable in certain cases and for certain districts) through local organisations duly empowered to act on its behalf in such a way that the work shall be carried on in accordance with the real needs of the various districts and the different branches of co-operation, and not upon rigid lines laid down by a central administration;

(c) That the Institute, in order to increase and improve the technical management of the Italian co-operative societies, shall co-operate with the National League of Co-operative Societies (Milan) in improving the system of collective statistics and intensifying the work of inspection and control;

(d) That while continuing to act with due caution, the Institute shall enlarge the sphere of its activities in such a way that it shall really meet the needs of the various branches of the co-operative movement and become the central banking institute of the Italian co-operative societies.

At the same Congress (1), which was promoted by the National League of Co-operative Societies and which was attended by the representatives of more than 450 societies distributed throughout every part of Italy, the complex question of providing credit for co-operative societies was submitted to a certain amount of discussion, and the Congress called upon the State to provide an immediate practical solution of the question by making adequate financial provision and passing appropriate legislation.

* * *

3. — THE CONSTITUTION OF THE NATIONAL BANK OF THE ITALIAN RURAL SOCIETIES. — By decree of the Roman Court, of date of September 25th., 1914, the *National Bank of the Italian Rural Banks* has been constituted. This Bank, organised as a limited liability co-operative Society with unlimited capital, has for its principal object "the subvention of rural banks and other co-operative and mutual societies for the grant of credit to small farmers".

The following shall be members, on acceptance of the rules and, hereafter, on the Board of Management accepting their applications: (a) the rural or agricultural banks and kindred institutes affiliated to the National Federation of Italian Rural Banks with head quarters in Rome; (b) any individual person or incorporated body who can legally assume the obligations imposed by the rules.

Every member must: (a) pay five francs at date of presentation of his application; (b) purchase at least one share of the nominal value of 100 francs; (c) accept liability for all engagements of the institution up to the amount of his subscribed shares.

(1) That, namely, of Reggio Emilia. See *La Cooperazione Italiana*, the organ of the National League of Italian Co-operative Societies (Milan), No. 1112, November 6th, 1914.

The shares shall be inscribed and not transferable, nor can they be given in pledge or as security without the consent of the Board of Management. They shall serve to guarantee the Society for all obligations of any kind the member has towards it.

On the other hand, every member shall have a right ; (a) to vote at the meetings, having one vote however many shares he possesses ; and the shares of one member may never be more than fifty, (b) to share in the profits and, in case of liquidation, in the capital, in proportion to the number of shares subscribed and paid up. The interest paid to members shall not exceed 5 % on the nominal value of the shares. The rest of the profits shall be placed to the reserve fund.

There shall be ordinary and extraordinary members' meetings. The ordinary meeting shall be held every year not later than March 31st. At it, the report and balance sheet for the past year shall be presented for approval, the officers elected, and all the other items on the agenda discussed. At least ten members shall be required to form a quorum. Extraordinary meetings may be called when the Board of Management considers it advisable or on the demand of the Committee of Examiners of Accounts or twenty members.

The Bank is managed by a Board of Management, consisting of a president, two vice-presidents and eight counsellors. It may engage in any banking business, though transactions of a hazardous nature and speculation on the exchange are strictly prohibited.

Supervision in regard to the due observance of the rules, regulations and decisions of the society is entrusted to a college, consisting of three effective and two deputy examiners of accounts, who must also perform all the duties assigned to them by the Italian Commercial Code.

(Summarised from the Rules of the Bank in question, published in *Cooperazione Rurale*, Rome, No. 11 of November 30th., 1914).

* * *

4. — STATISTICS OF THE AGRICULTURAL CO-OPERATIVE SOCIETIES OF SARDINIA. — Sardinian agricultural co-operation originated with the agricultural schools and itinerant agricultural lectureships, which, with the institution of many experimental farms, gave evident proof of the efficacy and utility of chemical manures and the new agricultural machines. With these experimental farms indeed sound propaganda began, and slowly but surely led to the foundation of the first co-operative societies. It was after the promulgation of the special law for the island that the agricultural co-operative societies began to work and multiplied, so that, while the first societies appeared in 1907, in 1913 there were already 152 working and united in a Federation.

This *Federazione delle Cooperative e Mutue agrarie della Sardegna* (Federation of Sardinian Agricultural Co-operative and Mutual Societies), with its headquarters provisionally fixed at Oristano (Cagliari), has recently published a complete statistical report of the situation of the Sardinian

Agricultural Co-operative Societies on December 31st, 1913. From this it appears that at that date there were 152 agricultural co-operative societies working, 106 in the province of Cagliari and 46 in that of Sassari, with a total of 13,525 members, all landowners and farmers.

In the Province of Cagliari there are 95 rural and agricultural banks (Co-operative societies of collective title), with a guarantee capital of 47,365,860 frs. and share capital of 36,921 frs., which have done business in agricultural loans to the amount of 1,744,967 frs. In a few years of work they have ammassed a reserve fund of 30,687 frs., which, with the profits for the year 1913, that is 28,342 frs., makes up an amount of 59,029 frs.

The rural and agricultural banks of the Province of Sassari although fewer in number, being 32 all told, have been very active. They have a capital of 22,181,184 frs. and have made loans to farmers to the amount of 453,738 frs.

The co-operative societies limited by shares have also been very active and, in the two provinces, with a capital of 265,588 frs., they have done business to the amount of 1,535,905 frs.

(Summarised from the *Statistica delle Cooperative agrarie della Sardegna*, above mentioned).

RUSSIA.

THE CENTRAL CREDIT INSTITUTE OF THE RURAL CO-OPERATIVE BANKS AND CO-OPERATIVE CREDIT IN FINLAND.

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SUOMEN OSUUSTOIMINTALEHTI. (*Monthly Review of Co-operation in Finland*). Various articles.

In an earlier number of this Bulletin, we had an opportunity of showing the quite special nature of the origin and development of co-operation in Finland (1). Whilst in most other countries the co-operative movement developed upwards by means of spontaneously created local co-operative societies, later uniting in Federations, in Finland, on the contrary, the movement was in the opposite direction: it extended from above downwards, from the centre to the periphery, in accordance with a general plan established beforehand and carefully prepared in all its details.

First of all a single central organization was formed: the "*Pellervo* (2) Society for the Promotion of Rural Co-operation in Finland", and it is on the initiative of this centre, on its immediate suggestion and under its systematic direction, that the various kinds of local co-operative societies and even their federal organizations were formed later.

In the present article we propose to trace in outline the beginnings of credit co-operation on these lines in Finland, its development and the results obtained by it in the first ten years of its activity, that is to say in the period 1903-1913.

§ I ORIGIN AND FOUNDATION OF THE CENTRAL CREDIT INSTITUTE.

The definite constitution of the "*Pellervo*" dates from October 2nd., 1899. Even before that year was over, the Board of Management of the young Society had already decided to try to organize a whole system of co-operative associations, quite specially intended to meet the requirements of agricultural credit for working expenses, that is to say of short term agricultural credit.

The experience of other countries having shown that an organisation of this kind had no serious chances of success unless supported from the start by a central institution capable of providing the local credit societies with the necessary funds and supervising their action and operations, it was decided to begin by creating such an institution.

On January 4th., 1900, the "*Pellervo*" instructed a special committee to make out a detailed programme. Two months later, the Diet of the Grand Duchy had already occupied itself with the matter and on the favourable report of the Commission formed, the States unanimously adopted a resolution to the effect that: "in case of a central institution being formed on private initiative to meet the needs of the farmers for credit through the medium of local co-operative credit societies, such an institution should be subventioned and supported by the State."

As soon as this result had been obtained, the "*Pellervo*" founded a second committee which, in anticipation of the Imperial approval of the de-

(1) See *Bulletin of Economic and Social Intelligence*, September, 1911.

(2) "*Pellervo*" is the name given in the Finnish mythology to the Divinity who protects the fields and crops.

cision of the Diet, was to prepare and draft the rules of the proposed institute so that it might initiate its work without delay.

According to the original idea of its promoters, the proposed institution was to be the property of the local credit banks which gradually arose. But in order to put the institution at once in working order, it was decided, until a sufficient number of these banks had been formed, to give it provisionally the form of a society limited by shares. The share capital and the amount of shares were to be fixed so as to allow even farmers who were not rich to take part from the first in this enterprise, founded expressly for their benefit. The institution once firmly established, the shares of the foundation members were gradually bought up by the local credit banks, to which the economic assistance of the institution was only granted on condition of their purchasing a number of shares in proportion to the credit granted them (1).

The Imperial approval of the decision of the Diet, which guaranteed the Institute the material support of the State, was given on June 20th., 1901. On September 1st. of the same year, the first "Law on Co-operative Activity in Finland", came into operation. This was also due to the initiative and the efforts of the "Pellervo". On the 4th. of the same month, in conformity with the provisions of this new law, the rules prepared by the committee above mentioned were submitted to the approbation of the Senate, which in Finland answers to the cabinet in other countries.

Now arose a serious difficulty.

In accordance with the intentions of the founders, in the draft rules submitted to the Senate the proposed institution was given the character of a Bank with right to conduct all operations within the competence of banks generally, with the sole restriction that it might only grant credit to legally constituted co-operative banks. In giving the institution this form, it was intended to ensure it the possibility of forming at least a part of its working capital either by means of special deposits or by the issue of bonds.

Now, the Senate opposed this on the ground that the law on banks absolutely forbade any kind of State subvention of them even under the form of a loan on favourable conditions. And as it was perfectly evident that the proposed institution could not in any way dispense with such a loan or an annual subvention, it was necessary to refrain from giving it the character of a bank.

Then, after long and exhaustive discussion, the founders resigned themselves to the restriction of the sphere of action of the projected institution and to its inclusion among societies limited by shares. The rules were consequently reconsidered and again submitted for approval to the Senate, which this time had no objection to offer. On March 6th., 1902, approval was officially given and on the fourteenth of May following the constituent meeting of the "Central Credit Institute of Co-operative Credit Societies of Finland, Society Limited by Shares", was held.

(1) See below: § 2. Rules of the Central Credit Institute.

The rules of this society presenting interest on many grounds, we shall summarise them below in the form they have now assumed, which differs from that originally approved only by some slight changes in detail introduced in the course of the year 1911.

§ 2. RULES OF THE CENTRAL CREDIT INSTITUTE OF THE CO-OPERATIVE BANKS OF FINLAND (1).

The "Central Credit Institute of Co-operative Banks of Finland" (in Swedish "*Andelskassornas Centralkreditanstalt*" and in Finnish "*Osuuskassojen Keskuslainarahasto*"), is a society limited by shares, with headquarters at Helsinki (Helsingfors), the object of which is to supply, through the medium of co-operative banks, the credit requirements of the rural population and in particular of the small land holders (§§ 1-3).

The Society only grants credit to the rural co-operative banks, legally constituted on the basis of the unlimited liability of their members to pay calls (2), and undertaking to regulate their action in accordance with the principles laid down by the Central Institute and to submit in all things to its constant and active supervision. As a rule, the sphere of action of these co-operative societies must not exceed the limits of one of the rural communes (§ 4).

The funds needed for the business of the Institute consist of:

- (1) the foundation capital ;
- (2) deposits made by the associated banks ;
- (3) loans contracted ;
- (4) subventions granted by the State, either directly or under the form of loans on favourable terms ;
- (5) amounts collected by the co-operative banks by means of deposits made in stamps.

The foundation capital of the Institute consists of 300,000 Finland Marks (3), in 3,000 shares, letter "A", of 100 marks each, reserved to the foundation members. This capital may be raised to 1,000,000 marks, by issue, at dates and for amounts fixed by the Board of Management, of shares, letter "B", only to be conceded to co-operative banks or members of the Board of Management of the Society, the inspectors or their substitutes. These shares shall be all inscribed (§ 7).

The shares of series "A" shall be gradually redeemed from the moment at which a special fund (Fund "A"), formed for the purpose, which we shall consider later on, reaches the amount of 50,000 marks. Every

(1) The figures given in parenthesis refer to the paragraphs of the original Rules.

(2) That is to say, on the basis of the kind of liability known in Germany under the name of "*Unbeschränkte Nachschusspflicht*".

(3) The Finland *Mark* (in Finnish *Markka*) of 100 *pennis* corresponds exactly in value with a franc.

year at least 200 and at most 400 shares must be redeemed, being drawn for by lot, if on the first of October the number of shares fixed has not been redeemed in any other way (§ 10).

Any co-operative bank which applies for credit to the Central Institute must undertake to purchase one of the Society's shares for every 5,000 Marks (or fraction of that amount) of credit granted by the Institute. If one or more of the shares acquired in accordance with this regulation belong to series "A", they shall be immediately exchanged for an equal number of series "B" (§ 12).

The Society has a Board of Directors and a Board of Management.

The Board of Directors is composed of six members and six substitutes, all elected for a period of three years, the appointment of two of each class terminating every year in turn. The members of this board or their deputies may be elected also from among persons extraneous to the society, on condition, however, that they engage to acquire thereafter at least one share in the Society (§ 15).

The Board of Directors selects and appoints the Manager as well as two councillors to form the Board of Management, all three of whom may be dismissed by the Board of Directors. It also fixes the number of the employees of the Institute, and settles the regulations in accordance with which they are appointed or dismissed, as well as the remuneration they receive (§ 18).

The Board of Directors lays down general rules for the action of the Institute. It supervises this action and arranges for its development in accordance with the laws, the rules of the society and its interests. It has the entire supervision of the action and business of the Institute. Finally it calls the general meetings of the society and prepares the programme for discussion at the meetings (§ 18).

The Board of Management of the Institute consists, as we have just seen, of a Manager and two councillors. Questions of credit can only be dealt with by the Board in full meeting. All other matters relating to the management of the Institute are dealt with by the Manager alone, who also has to sign all acts on behalf of the Institute (§ 14).

The Manager and the two councillors attend the meetings of the Board of Directors with right to speak but not to vote. They may, however, vote in regard to the rate of interest charged by the Institute or the balancing of the accounts (§ 19).

The business year corresponds with the civil year, the annual report of the Manager must be submitted to the Board of Directors at latest on February 10th., and the three examiners appointed each year must present their general report at latest on March 15th. (§ 22).

- Out of the eventual profits, when the accounts for the year are closed:
 - 15 % shall be placed to the Reserve Fund ;
 - 25 % to a Special Fund for redemption of Shares of Series "A".
 - These once redeemed, the payments into the special fund will be continued until it amounts to 20,000 Marks, after which they will only be made in the proportion necessary to keep it at that figure.

These deductions made, the rest of the profits shall be distributed among the shareholders at the maximum rate of 4 1/2 % per share. An additional maximum amount of 1 % may be granted on shares of series "A", if the amount to be distributed suffices for this (§ 23).

All amounts remaining available after this distribution shall be paid into the reserve fund, or — from the moment this amounts to 1,000,000 marks — placed at the disposal of the general meeting of the shareholders of the Society. The latter may not in any case raise the interest of the Society's shares beyond the limits indicated (23).

Every shareholder may attend, either in person or by proxy, the ordinary general meetings, which must be held every year before the seventh of April, as well as the extraordinary general meetings, called whenever the Board of Management judges advisable (§ 26). The voting rights are as follows:

1 or 2 shares give right to one vote						
From	3 to 5	"	"	"	2	votes
"	6 "	10	"	"	3	"
"	11 "	20	"	"	4	"
"	21 "	40	"	"	5	"
	41 or more	"	"	"	6	"

Proxies vote in accordance with the number of shares they represent (27).

§ 3. CONSTITUTION OF THE CENTRAL CREDIT INSTITUTE.

1. *Share Capital.*

Long before these rules were approved, the founders of the new institution had already initiated a whole series of measures to ensure the collection of the capital required for beginning operations.

It was hoped there might be found among the agricultural classes the necessary number of foundation shareholders, and, consequently, subscription lists were circulated only in the rural communes of the country. The hopes founded on the interest of the agricultural population were, however, completely deceived, and, to obtain the number of foundation shareholders absolutely necessary, appeal had to be made to the town population and particularly to the intellectual classes. They, fortunately, responded with an enthusiasm exceeding the most hopeful anticipations and, thanks to them, the matter could be brought to a happy conclusion.

Of the 1,360 shares of Series "A" (that is to say shares reserved to the founders) subscribed at the date of the definite constitution of the society, there were :

606 or 44.6 %	subscribed by	professors, functionaries etc.,
131 „ 9.6 %	„ „	manufacturers or traders,
606 „ 44.6 %	„ „	farmers,
17 „ 1.2 %	„ „	rural associations.

And even among the farmers included in this list there was a large number of townsfolk possessing country residences, and large land holders, comparatively very little interested immediately in the success of the undertaking.

We see the subscription of classes extraneous to the society, that is to say of those contributing out of a purely impersonal interest in this eminently patriotic work, considerably exceeds that of the classes the prosperity of which was especially contemplated in this bold undertaking of the "Pellervo."

The purely disinterested character of the subscriptions made by the urban and intellectual classes is seen also in the fact that at the end of the period with which we are concerned, that is to say after ten years, when the founders' shares of the society were already an excellent investment (1), three hundred and twenty or more than half the shares of this class had been already voluntarily transferred by their owners to local credit societies founded on the initiative of the institution, without it being necessary to have recourse to the drawings contemplated in the rules.

2. *Working Capital.*

At the same time as it was forming its share capital in this way, the Society, definitely constituted on May 14th., 1902, instructed its Board of Directors to take the necessary measures to obtain the State support promised by the Diet both under the form of an annual subvention and of a loan under conditions for repayment and at a rate of interest as favourable as possible.

On the favourable recommendation of the Senate, the Emperor and Grand Duke approved both on May 12th., 1903 and on June 4th. of the same year, the conditions on which this assistance would be granted to the society were definitely settled.

The Central Institute of the Co-operative Banks of Finland in the first place received an annual subvention of 20,000 Finland Marks (that is to say, 20,000 francs) as contribution to its working expenses. In addition, a credit of 4,000,000 Finland Marks was granted out of the State funds, to be drawn as required in amounts not to exceed 500,000 Marks at a time. The rate of interest for this credit was fixed at 3 %. In regard to the instalments for repayment, which were not to be exacted before 1909, at

(1) See below; § 8 Conclusion.

which date it was anticipated the whole credit would be exhausted, they were fixed at $\frac{1}{2}\%$ per ann.

* * *

The necessary funds for the initiation of its work being thus assured, and all other preliminary steps having been brought to a satisfactory conclusion, the Society of the Central Credit Institute of Finland Co-operative Banks could, on July 14th., 1903, be legally entered on the Commercial Register, and, the staff chosen in advance having taken posession of the offices prepared by the "Pellervo", the Institute was able in the following month to initiate the series of its operations.

§ 4. ORIGIN AND DEVELOPMENT OF THE LOCAL CO-OPERATIVE CREDIT BANKS.

In Finland, as indeed everywhere else, the principle of co-operation in regard to credit only received its practical application by means of the creation of local co-operative banks, as a consequence of intense and persistent propaganda. Inaugurated by the "Pellervo" at the moment of its foundation by means of lectures and publications of every kind, this propaganda at first gave comparatively unsatisfactory results. At the end of 1903 there were still only 24 local co-operative banks legally registered for the whole of Finland, while the numbers of the distributive co-operative societies and the co-operative dairies, for example, — in favour of which, however, the propaganda had been infinitely less energetic — were already, in the first case, 66, and, in the second, 75.

The announcement that the subvention in favour of the Central Institute of Finland Co-operative Credit Societies had been granted by the Government, which placed the Institute in a position in its turn to grant subventions to local co-operative banks, gave a new impulse to the foundation of the latter. During the next year, 1904, no less than 63 new co-operative banks were registered in the different regions of the country. This unexpected development led the promoters of the movement into the error of considering it definitely started and its success assured. The "Pellervo", which, with its limited resources, could hardly satisfy the requirements of the other branches of its activity, thought it could economise in regard to the propaganda in behalf of co-operative credit. The consequences of this economy were immediately felt. In the next two years, the number of newly registered local co-operative banks decreased to 51 in 1905 and was only 35 in 1906.

In view of this irrefutable proof of the importance of continuous and assiduous propaganda, the "Pellervo" immediately resumed its courses of lectures and its publications, completing the work by the introduction, into

the rules regarding the loans made by the Central Institute to the local co-operative banks, of certain facilities, of very little importance, however.

And again the effect was immediate, proving once more the importance of well understood propaganda for the practical progress of co-operative credit. In 1907 the number of new co-operative banks entered on the Commercial Register again rose to 64, in 1908 to 68 and in 1909 it was as high as 77.

From this moment a change was observable in the evolution of co-operative credit in Finland. On the one hand, certain difficulties, which we shall have occasion to consider later on, arose in regard to the grant of a second loan from the State when applied for by the Central Credit Institute, and the consequent uncertainty in regard to the future obliged the Institute considerably to limit its business. On the other hand, the progress, perhaps comparatively too rapid, made by the local co-operative banks in the above three years had caused some disorder in their administration, which obliged the Central Institute to make the conditions for credit to banks, above all those for supplementary credit, very justifiably more severe. These two circumstances, together with the unrest and general uncertainty in regard to political finance, caused by certain differences of opinion between the Diet of Finland and the Russian Government in regard to matters that do not come within the scope of the present study, induced the "Pellervo" again to limit its propaganda in behalf of a class of co-operative societies, the further natural development of which seemed, at least for the moment, to be seriously compromised by the uncertainty in regard to the matter of the grant of the second Government loan to the Institute.

Under these conditions, the number of new local co-operative societies registered soon decreased again very considerably. In 1910 only 33 new ones were registered in the Commercial Register, in the next year the number was reduced to 25. Finally in the last year of the period with which we are here concerned, that is to say, 1912, it was only 11.

Altogether, on January 1st., 1913, the total number of local co-operative banks registered in Finland since the beginning of the movement was 453. Of this number, 399 had been financed by the Central Credit Institute. Of the remaining 54, 22 were unable to apply for credit to the Institute as they did not yet satisfy the conditions imposed, 7 could not obtain assistance from it as they were not exclusively rural banks, and the applications of the others had been refused for one reason or another.

We see then that there was no voluntary renunciation on the part of the banks of the credit offered by the Central Institute. If it was not obtained, it was always owing to some defect, either simply to an imperfection in the organization or in the management of the business of the banks themselves. All those the management and organization of which were in conformity with the rules based on experience laid down for the serious and solid constitution of a rural credit co-operative bank had recourse to the good offices of the Central Institute. So we need, in all the rest of this study, only take these into consideration, neglecting those the Central Institute did not think it should or could subsidise.

So much said, the 399 banks we have to consider in this essay, were distributed as follows in the various provinces on January 1st., 1907 and 1913 respectively.

	Number of Banks	
	in 1907	in 1913
Province of Nyland	3	10
» » Åbo and Björneborg	8	19
» » Tavastehus	2	9
» » Uiborg	60	126
» » St. Michael	7	37
» » Kuopio	35	116
» » Vasa	14	31
» » Uleåborg	19	51
Finland	148	391

§ 5. LOANS MADE BY AND TO THE CENTRAL CREDIT INSTITUTE.

(A) *Loans Received.*

We saw above that on May 12th., 1903, the Emperor Grand Duke accorded to the Central Credit Institute out of the Government funds, a credit of 4,000,000 Finland Marks, to be granted as required in amounts not exceeding 500,000 marks each. The rate of interest fixed was 3 %, to which there was to be added from the year 1909 an annual instalment of $\frac{1}{2}$ % towards repayment of the loan.

The capital thus placed at the disposal of the Central Institute not having been entirely drawn in 1909, the Government permitted that the instalments for repayment should begin only in 1912. By January 1st., 1913, on which date the period with which we are occupied closes, therefore, only a single instalment had been paid (20,000 Finland Marks) and the debt of the Institute to the State remained altogether 3,980,000 Finland Marks.

In view of the approaching exhaustion of the credit represented by this first State loan and the consequent necessity of providing for future requirements, the Central Credit Institute applied, at the beginning of the year 1908, for a second credit out of the State funds, for a total amount of 5,000,000 Finland Marks, in instalments of 1,250,000 Marks a year in the years 1910, 1911, 1912 and 1913. In consequence of differences arising between the Finland and Russian authorities in regard to the investment of the funds

of the State, the Government considered it could only grant the first instalment of 1,250,000 Marks of the loan applied for, without refusing to grant the three others in due course, should the general state of the finances permit. With regard to interest and repayment the conditions were similar to those for the first loan.

In view of the uncertainty of future continuous assistance from the State, this solution could not satisfy the Board of Management of the Central Credit Institute and new negotiations were entered into in regard to the matter, which had led to no positive result by January 1st., 1913.

Meanwhile the Institute decided to reduce its business, and so it was able, within the period we are considering, to limit the amount actually drawn of the first annual instalment of the second loan granted by the State to 100,000 Marks.

Adding to the above an amount of 2,000 Marks received by the Institute out of the State assistance funds for a special loan to a commune suffering by famine, we find that the total debt of the Central Credit Institute to the State was on January 1st., 1913, 4,080,000 Finland Marks.

(B) *Loan Service.*

1. *Conditions on which the Institute lends.*

The Central Credit Institute of Finland Co-operative Banks only grants loans to those co-operative credit banks which are strictly rural in character and the members of which engage in writing to accept that form of unlimited liability to pay calls, known in Germany under the name of "*unbeschränkte Nachschusspflicht*".

The conditions necessary in order that this collective engagement may be considered by the Institute as really effectual and valid are the following :

(1) Except in special cases, the co-operative banks, before they can obtain material assistance from the Institute, must have at least 15 members.

(2) Amongst these members there must be a certain number of more or less wealthy landholders.

Further and above all in cases of supplementary loans, the Institute takes into special consideration the amount of the capital formed and owned by the bank.

Finally, before granting a loan to a co-operative bank or opening a credit for it, the Central Institute always sends an expert to the locality to study the general and social conditions, especially in regard to agriculture and education. The expert in question must also present a detailed report with regard to the various members of the bank and especially of the Board of Management as well as the accountant and the cashier.

As an appendix to the present article we give a translation *in extenso* of the "General Conditions on which the Central Credit Institute grants loans to Local Co-operative Banks" (1).

(1) See the appendix to the present article.

In the following table we give the number of members of the local co-operative banks that have received credits from the Central Institute, as well as the amount of the annual income and the assets of the members.

TABLE I. — *Total Number, Annual Income and Assets of the Members of the Co-operative Credit Banks*

Years	Number of Banks	Number of Members Registered with the Banks		Annual Income of Members According to the Register of Taxation		Estimated Assets of Members	
		Total	Average per Bank	Total	Average per Member	Total	Average per Member
			Fmk. (1)	Fmk.	Fmk.	Fmk.	Fmk.
1903	8	253	32	332,010	1,378	1,918,250	7,960
1904	57	1,724	30	1,930,352	1,232	11,861,195	7,569
1905	119	3,662	31	3,275,056	1,062	18,703,785	6,063
1906	143	4,930	34	4,257,028	994	23,885,090	5,575
1907	206	8,231	40	6,463,098	920	35,942,370	5,115
1908	262	11,745	45	9,455,041	928	52,779,680	5,183
1909	336	15,688	47	11,204,495	832	71,239,644	5,293
1910	370	17,404	47	12,576,162	824	83,790,804	5,490
1911	397	15,546	47	14,037,702	841	95,442,201	5,718
1912	399	—	—	15,203,731	819	110,687,678	5,962

(1) Fmk. (or Smk.) is the official abbreviation of the expression Finland marks.

We show below the social position and profession of the members of the Local Banks in 1905 and 1910.

TABLE II. — *Social Position of the Members of the Credit Co-operative Banks.*

Year	Total Number of Members Supplying Information	Agricultural				Not Agricultural			
		Landholders	%	Tenant Farmers	%	Artisans	%	Members of the Intellectual Classes	%
1905	3,912	2,985	76.3	576	14.7	140	3.6	211	5.4
1910	15,319	10,768	70.3	3,915	25.6	400	2.6	236	1.5

*2. Amount of Credit Granted by the Central Credit Institute
to the Local Co-operative Banks.*

The first credits opened to a local co-operative bank of recent creation, or managed by persons still new to the work are of course comparatively small: between 3,000 and 5,000 Finland Marks.

As a rule, supplementary credits are only granted to these local banks after at least one general inspection by the Central Institute.

The amount of the credits of this latter class increases in proportion as the bank gives proof of solidity and good administration.

In addition to these general principles, the grant of credit to local banks is regulated on the following lines:

The amount of the loans granted to them must not, as a rule, exceed that of 300 Marks multiplied by the number of members of the Bank.

The maximum total amount of loans granted to one and the same co-operative bank must not exceed half the total amount of the annual income of all the members of the bank.

Finally, this maximum amount of loans must not be more than 10 % of the total amount of the personal assets of all the members of the Bank.

When the Institute began its operations, the Board of Directors further stipulated that the loans made to any local co-operative bank must never exceed a total amount of 10,000 Finland Marks. Today all limits have been suppressed and full liberty in the matter is left to the Board of Management of the Institute.

The two following tables show the development of the credit granted in the first ten years of its life by the Central Credit Institute to the local co-operative banks:

TABLE III. — *Amount of Credit Annually Granted to the Local Banks by the Institute.*

Years	Number of Banks Assisted	Credit Opened							Credit Profited by				
		Credit Applied for	Total	Average per Bank	Average per Member of Bank	% of the Annual Income of Members	% of the Assets of Members	Total	Average per Bank	Average per Member of Bank	% of Credit Opened		
		Fmk. (1)	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.
1903	10	114,000	79,000	7,900	328	23.8	4.1	41,950	4,195	174	53.1		
1904	69	629,800	428,700	6,213	274	22.2	3.6	264,083	3,827	169	61.6		
1905	119	1,015,300	833,750	7,006	270	25.5	4.5	622,663	5,232	202	74.7		
1906	148	1,384,050	1,225,350	8,279	286	28.8	5.1	948,501	6,652	230	80.3		
1907	210	2,302,550	2,068,050	9,848	294	31.4	5.8	1,705,968	8,124	243	82.5		
1908	268	3,688,830	3,257,650	12,155	320	34.5	6.2	2,878,086	10,739	283	88.4		
1909	340	5,490,380	4,000,650	11,767	297	35.7	5.6	3,662,519	10,772	272	91.5		
1910	374	6,524,830	4,388,000	11,733	288	34.9	5.2	3,867,089	10,340	253	88.0		
1911	398	7,134,300	4,738,600	11,906	284	33.8	5.0	3,931,832	9,879	236	83.0		
1912	399	7,712,700	4,990,100	12,507	269	32.8	4.5	4,113,103	10,309	222	82.4		

(1) Fmk. (or Smk.) is the official abbreviation of the expression Finland Mark.

This table shows us in the first place that the Institute is less and less able to satisfy all the needs of the banks for credit. It shows us also that the average amount of credit granted per bank increases annually, but that in proportion to the share of each of the members or the amount of their income or of their assets, this average has been appreciably lower in the later years of the period considered, and since 1908 it has remained constantly less than was stipulated in the provisions.

TABLE IV — *Distribution of the Local Banks according to the Amount of Credit Granted to them between 1903 and 1913.*

Years	Number of Banks to which Credit was Opened	Distribution of the Banks, according to the Amount of Credit Granted.						
		Less than 3,000 Fmks.	Between 3,000 and 5,000 Fmks.	5,000 Fmks.	Between 5,000 and 10,000 Fmks.	10,000 Fmks.	Between 10,000 and 20,000 Fmks.	20,000 Fmks. and over
1903 . . .	19	—	2	2	2	3	—	1
1904 . . .	69	5	16	18	18	9	1	2
1905 . . .	112	7	24	31	29	13	11	4
1906 . . .	148	6	22	26	48	22	15	9
1907 . . .	210	7	18	38	62	25	44	16
1908 . . .	268	7	20	25	70	35	68	43
1909 . . .	340	9	31	39	86	36	88	51
1910 . . .	374	8	36	37	101	31	106	55
1911 . . .	398	8	35	36	109	38	111	61
1912 . . .	399	6	32	32	92	45	124	68

From the figures in this second table it appears that whilst the number of small credits tends to decrease, that of large credits, on the contrary, increases from year to year in very considerable proportion. At the end of the period here studied, the most considerable credits granted by the Central Credit Institute to the local co-operative banks were for 50,000 and even 60,000 Finland Marks.

3. Objects for which Credits were granted to Local Banks.

At the start the Central Credit Institute only granted credit to the local co-operative banks in order to enable them to grant their members short term loans of amounts not exceeding 2,000 Finland Marks, exclusively for the improvement of purely agricultural holdings.

This rule was first deviated from in January, 1908, when the Board of Directors of the Institute decided that it would in the future be able to grant mortgage loans on the security of growing forests, thus enabling the proprietors to wait for a more favourable moment, or until the trees had time to grow, before working the forests.

In March, 1912, the original rule was further departed from. The Board of Directors then decided that the Institute might grant credits to enable the local banks to make long term loans, in case such loans were applied for in order to facilitate the cultivation of holdings still uncultivated.

Finally, in December, 1912, detailed rules were drawn up for the grant of credit for loans for the organization of the co-operative sale of the farm produce of the members of the local co-operative banks.

Unhappily, the uncertainty referred to above in connection with the grant to the Central Credit Institute of a second loan out of the State funds obliged the Board of Directors of the Society to renounce, for the moment at least, any idea of the further extension of the sphere of action assigned to the Institute at its foundation; and no credit for any of the three new purposes mentioned could actually be accorded, except in the single instance of a mortgage loan on forests, approved before there was any ground for thinking that the second State loan would be more difficult to obtain than the first.

4. *Rate of Interest.*

We saw above that the Central Institute pays an annual interest of 3 % and an instalment of $\frac{1}{2}$ % for repayment of the loan or altogether 3 $\frac{1}{2}$ % on the amounts placed at its disposal by the State. Under these circumstances and in consideration of the general economic situation at the beginning of its action, the Institute fixed the interest to be paid by the local co-operative banks for the loans granted them at 4 $\frac{1}{2}$ %.

The general economic situation, however, improving and the business of the Institute progressing very satisfactorily, the Board of Directors thought that they could lower the rate of interest, from May 1st., 1906, to 4 %. But it was unhappily impossible long to give such favourable conditions.

On the one hand, the current rate of interest having risen generally in the whole country, the singularly advantageous conditions offered by the Institute led to abuses on the part of certain banks, and it was necessary to prevent these becoming general. On the other hand, the difficulties that arose in regard to the second State loan and the consequent uncertainty in respect to the future urged the society in the direction of prudence and economy. In consideration of these circumstances, the Board of Directors decided to return to the original rates and from June 1st., 1909, 4 $\frac{1}{2}$ % was again charged. This remained the rate for all the rest of the period with which we are concerned.

§ 6. WORK OF THE LOCAL CO-OPERATIVE BANKS.

We saw above that the Central Institute only grants credits to local banks after a minute and strict investigation into the general conditions of their organization, their working and their solvency. After the grant of credit has been made, the vigilance of the Central Institute only increases and for every amount the local banks draw of the credits opened to them

they must present a report, showing the members to whom they intend to lend, the amount and period of the loans, the conditions for repayment and, above all, the object for which the loan is granted. It is only after the Board of Management has approved all the details of this report that the amount applied for is paid over to the Bank.

Now this approval is only given when the following conditions have been accepted by the Board of Management of the local bank:

(1) A loan can only be granted for the improvement of the business of the borrower himself;

(2) The amount is only to be paid at the moment when it is to be employed for the object intended;

(3) The loan must not exceed the amount strictly necessary for the object;

(4) The term of the loan must not exceed that strictly necessary in order that the borrower may derive the benefits for his business, for the purpose of which the loan was made;

(5) The conditions for repayment must be as easy as the local circumstances, the character of the work contemplated and the individual situation of the borrower permit.

A few tables will show, better than long explanations, what progress has been made by the local co-operative banks, during the period we are studying, under this strict supervision on the part of the Central Institute.

TABLE V. — *Number and Total Amount of the Loans Granted by the Local Banks.*

Years	Number of Banks Furnishing Information	Amount of Loans		Number of Loans		Average Number of Loans Granted
		Total in Fm.k.	Average per Bank in Fm.k.	Total	Average per Bank	
1903	8	41,220	5,153	203	25	203
1904	55	276,745	5,032	1,661	30	167
1905	118	549,408	4,656	3,906	33	141
1906	136	666,516	4,901	4,700	35	142
1907	197	1,240,359	6,296	7,497	38	165
1908	252	2,180,915	8,654	11,774	47	185
1909	332	2,199,401	6,625	13,827	42	159
1910	353	2,137,668	6,056	15,589	44	137
1911	390	2,491,104	6,837	18,104	46	138

Here, as in the preceding tables, we see the effects of the crisis caused in 1909 by the uncertainty as to the grant of the second Government loan

to the Central Institute. The applications for credit, and the total amount of credit granted, whether by the Central Institute or by the local co-operative banks increased continually and regularly. On the other hand, the amounts of the loans granted were, for this reason, necessarily reduced. On the expiration of the period we are studying the average was, we see, 138 Finland Marks per loan. In Austria the corresponding average was at that date 260 Fmk., in France, 779 Fmk., and in Germany it reached the amount of 961 Fmk.

We shall now give the total figures for the distribution of the loans granted by the local co-operative banks according to the term allowed for their repayment :

TABLE VI. -- *Terms for Repayment of Loans Granted by the Local Banks.*

Years	Number of Loans Granted for			Percentage of the Various Classes of Loans		
	1 Year or less	Between 1 and 3 Years	Over 3 Years	Loans for 1 Year or less	Loans for between 1 and 3 Years	Over 3 Years
1903	110	67	26	54.2	33.0	12.8
1904	643	785	233	38.7	47.3	14.0
1905	1,467	1,857	582	37.6	47.5	14.9
1906	1,608	2,471	621	34.2	52.6	13.2
1907	2,028	3,864	1,605	27.1	51.5	21.4
1908	2,931	6,269	2,574	24.9	53.2	21.9
1909	3,499	7,664	2,664	25.3	55.4	19.3
1910	3,625	9,124	2,840	23.3	58.5	18.2
1911	5,028	10,256	2,820	27.8	56.6	15.6

We see that from 1909 there has been a very marked tendency to reduce as far as possible the number of long term loans. This is not only due to the difficulties caused by the often mentioned crisis originating in connection with the grant of the second Government loan, but also, and even chiefly, to the systematic action of the Central Credit Institute, opposed on principle to long term loans.

If now we classify the loans granted by the local co-operative banks according to the objects for which they were granted, we obtain the following figures :

TABLE VII. — *Object of the Loans Granted by the Local Banks.*

Years	Total Number of Loans Granted	Percentage of Loans for Different Objects				
		New Crops and Farm Improve- ments	Purchase of Implements, Machinery, Manures etc.	Purchase of Livestock	Building	Miscellan- eous
1903	203	28.6	19.2	16.7	7.9	27.6
1904	1,661	44.8	24.6	14.9	9.9	5.8
1905	3,906	41.5	25.5	16.6	12.2	4.2
1906	4,700	39.8	23.0	16.0	16.1	5.1
1907	7,497	42.2	21.2	14.5	16.2	5.9
1908	11,774	38.9	18.1	13.8	17.2	12.0
1909	13,827	43.1	18.0	11.6	18.4	8.9
1910	15,589	41.2	18.9	12.7	18.3	8.9
1911	18,104	38.0	25.8	11.3	18.1	6.8

At the commencement of our period, the loans granted for purchase of livestock and those for miscellaneous purposes were far more numerous than afterwards. The decrease is due to the severity of the Central Institute, which, finding that this group of loans often gave rise to abuses of various kinds, decided to engage the local banks only to grant them under conditions of quite special supervision. Similar instructions have been given to the banks in regard to loans for building, the Central Institute considering as more or less unproductive a large number of these undertakings, especially those only intended for the improvement or embellishment of the farmers' dwellings. Naturally, here also the strictness of the Central Credit Institute was largely due to the uncertainty with regard to the uninterrupted continuation of State assistance to the work of the society.

Let us now pass on to consider the fluctuations in the general business of the local co-operative banks, limiting our attention to its purely pecuniary business.

TABLE VIII. — *Fluctuations in the General Business of the Local Banks.*

Years	General Total of Business Done	Average Total of Business Done		Working Capital as Percentage of General Business	Number of Banks of which the Total Business was							
		Per Bank	Per Member of Bank		From 1,000 to 5,000	From 5,000 to 10,000	From 10,000 to 25,000	From 25,000 to 50,000	From 50,000 to 75,000	From 75,000 to 100,000	From 100,000 Fmk. and over	
					Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	Fmk.	
1908	5,275,800	20,053	457	60	23	44	122	53	12	2	1	
1909	6,228,351	18,622	398	67	25	70	174	51	11	3	1	
1910	6,793,725	18,613	394	66	39	78	173	56	16	1	2	
1911	7,309,418	18,742	399	64	40	85	175	74	13	1	2	

Here we see better than anywhere else the paralysing effect of the uncertainty in regard to further State assistance. Since the large decrease observed in 1909 in the average total business both per bank and per member of the banks, there has not been any return to the earlier figures. The natural progress has been completely arrested and the inferior position of the Finland Banks as compared with those of other countries has only increased instead of diminishing. We give below the corresponding averages per Bank and per member in some other countries :

	General Business	
	per Bank	per Member
Germany (1910)	478,675	5,067
Austria (1907)	182,037	1,475
Bulgaria (1909)	63,304	883

We give below a summary of the balance sheets of all the local co-operative banks supplied by the Central Credit Institute for the period we are considering :

TABLE IX. — *Summary of the Balance Sheets
of the Finland Co-operative Credit Banks.*

(A) *Credits.*

Year (Ending 31st December)	Number of Banks Supplying Information	Assets				Total Assets	Losses
		Cash	Credits	Shares (actions and parts) in Central Co-operative Institutions	Stock		
1903	8	3,020.68	44,504.00	1,400.00	343.83	49,268.51	160.80
1904	57	15,977.90	272,928.83	7,009.95	1,227.52	297,144.20	1,678.27
1905	119	39,320.36	648,186.41	16,613.25	1,061.07	705,181.00	2,007.43
1906	139	60,593.35	968,415.46	22,804.25	1,194.52	1,053,727.58	912.26
1907	205	83,252.25	1,785,699.43	39,486.30	6,127.66	1,914,565.64	1,273.89
1908	259	125,708.43	3,010,217.16	62,878.55	10,000.17	3,208,804.31	1,383.73
1909	335	205,098.63	3,863,677.35	78,789.50	40,395.74	4,187,961.22	1,736.34
1910	366	195,991.74	4,197,044.40	87,887.68	44,806.03	4,525,729.85	2,607.79
1911	390	203,791.65	4,362,843.67	95,132.40	47,376.16	4,709,143.88	2,736.85

(B) *Debts.*

Year (Ending 31st December)	Debits				Total Debits	Net Profit
	Subscriptions Paid	Reserve Funds and Available Amounts	Debt to the Central Credit Institute	Savings		
1903	1,519.00	208.10	47,328.19	205.75	49,306.04	123.27
1904	15,550.37	1,845.40	272,554.01	7,320.87	297,270.65	1,551.82
1905	42,959.87	5,938.77	642,725.93	11,189.40	702,813.97	4,374.55
1906	71,309.01	12,946.41	936,686.46	20,927.21	1,041,860.09	12,770.75
1907	119,405.45	30,304.56	1,702,633.29	43,495.40	1,895,838.70	20,000.83
1908	184,238.70	57,926.03	2,880,516.11	52,292.35	3,174,973.19	35,214.85
1909	269,427.92	99,585.88	3,723,884.39	59,803.54	4,152,701.73	36,995.83
1910	352,236.82	139,242.83	3,923,196.75	76,721.39	4,491,397.79	36,939.85
1911	428,925.60	180,636.95	3,951,747.51	106,674.93	4,667,984.99	43,895.74

§ 7. MANAGEMENT, SUPERVISION AND INSPECTION OF THE WORK OF THE LOCAL CO-OPERATIVE BANKS.

We have had occasion to point out above the strictness of the investigation the Central Institute has carried out before granting the smallest credit to a local bank. This investigation is, however, only the beginning of a constant assiduous supervision to which the bank has to submit from the moment it is effectively included among the customers of the Institute.

Let us observe next that, far from assuming the character of an inquisitorial control this supervision, on the contrary, takes the form of instructive guidance of the action of the banks. Its principal object is to obtain that the members of the board of management and above all the bookkeepers and cashiers of the local cooperative banks may be competent for their work, acquainted with commercial bookkeeping, but also and above all with the principles of co-operation generally and the mechanism of co-operative credit in particular.

Starting with this idea, the Central Institute begins by placing at the disposal of those concerned everything needed to enable them to obtain the necessary knowledge. It furnishes every local bank dependent on it with bookkeeping manuals and forms gratis; it sends it, also gratis, the "Suomen Osuustoimintalehti" (Review of Co-operation in Finland), supported and edited collectively by all the central co-operative institutions of the country, with a strictly educational object.

The Institute goes even further. Together with the other central institutions, it has founded and supports the Helsingfors Co-operative Institute, an advanced school, in which special courses are given, amongst them courses for bookkeepers and cashiers of the local co-operative banks. And as the complete courses, in a town where living is fairly dear, cannot be followed by all, the Institute organizes every year, in about ten other parts of the country, rapid courses of instruction not only for bookkeepers and cashiers, but also for members of the boards of management of the banks. And to facilitate a larger attendance at these courses, of course entirely free, the Institute gives every year from twenty to thirty bursaries to poor bookkeepers and cashiers who desire to attend them.

Let us finally add, that when the local banks are unable, for want of funds, to engage a really competent bookkeeper and cashier, the Institute endeavours to supply the need, granting the bank, either the whole or at least part of the amount required for the employee's salary.

Under these circumstances it is to be understood that the Institute can not only desire but *require* that the management of the local banks should be more or less uniform in a technical sense and should not show too many or too serious defects when inspected by its order.

As a result of an agreement entered into between the Central Institute and the "Pellervo", most of these inspections are carried out by expert

teachers belonging to the "Pellervo". They are carried out on a uniform plan prepared in advance and all the details of the management of the bank are examined, and the result is communicated to the Board of Management of the Central Institute which studies them with particular attention.

According to the results of the inspection, the banks are classified as "good", to which special favours may be granted by way of encouragement, "fair", to which advice is given, and, finally, "badly managed", in respect to which more serious measures are taken, if advice, instruction and exhortation prove insufficient.

The coercive measures, to which the Institute may resort, in case persuasion is ineffectual, vary according to the seriousness of the case. If, for example, it is only a question of the keeping of the books, want of order and judgment in the grant of loans, want of energy in applying the regulations etc. the Institute limits itself to requiring that the banks engage another bookkeeper and cashier, or even appoint a new Board of Management.

If, on the contrary, there are more serious defects, or the same defects are found repeatedly in spite of the remarks of the inspectors and, if, finally, the former measures are not sufficient for the re-establishment of good order, the Central Institute may close its account with the Bank in fault, and take legal measures to obtain the immediate repayment of any amounts already lent.

It is seldom such extreme measures are resorted to. In the whole period with which we are concerned, it is true such action was sanctioned thirty two times. But it is well to observe that in twenty of these thirty two instances the banks concerned, at the last moment, took such steps that it was possible to renounce taking action. In the case of the twelve Banks against which action was really taken, when they found all credit denied them by the Central Institute, eleven of them wound up their business without the Institute suffering loss, and only one had to be declared insolvent at the instance of the Institute.

The examples thus made had salutary results. They greatly facilitated the work of education and purification undertaken by the Central Institute, and if, at the present moment, the Finland co-operative societies are generally working in the most satisfactory way, it cannot be gainsaid that it is to the strict educative supervision of the Central Institute they largely owe it.

§ 8. PROGRESSIVE DEVELOPMENT OF THE GENERAL BUSINESS OF THE CREDIT INSTITUTE.

Let us close our study with the following tables, indicating the progressive development of the business of the Central Credit Institute during the first six years of its work.

TABLE X.—*Profit and Loss Account of the Central Credit Institute from 1903 to 1912, in Finland Marks.*

Years	Revenue						Expenditure						Annual Profit	
	Particulars						Particulars							
	Total	Interest	State Collected	Subven- tion	Bad Debts on Bond Paid	Miscell- aneous Account	Total	Interest Paid	Salaries etc.	Working Expenses	Placed to Bad Debts Stock Account	Repayment Instalments on Other Ac- counts		
1903 . .	39,340.70	19,340.70	20,000.00	—	—	—	31,311.63	3,500.00	11,383.31	6,911.80	—	655.59	8,860.93	8,029.05
1904 . .	48,671.89	28,671.89	20,000.00	—	—	—	38,738.17	10,250.00	18,716.64	8,951.09	—	820.45	—	9,933.72
1905 . .	70,216.43	50,216.43	20,000.00	—	—	—	49,938.29	24,000.00	15,820.00	9,563.59	—	554.70	—	20,228.14
1906 . .	76,192.01	56,192.01	20,000.00	—	—	—	54,552.72	29,250.00	16,580.00	8,445.77	—	276.95	—	21,639.29
1907 . .	95,649.31	75,649.31	20,000.00	—	—	—	72,982.88	43,900.00	15,590.00	9,111.79	—	276.00	4,105.09	22,666.43
1908 . .	134,512.41	114,512.41	20,000.00	—	—	—	110,004.51	72,625.00	17,120.00	11,291.96	—	618.45	8,349.10	24,507.90
1909 . .	206,840.02	176,319.45	20,000.00	824.37	—	3,696.00	176,832.33	110,458.33	23,425.00	24,887.69	13,763.11	1,611.75	2,686.45	24,007.69
1910 . .	220,564.97	198,171.49	20,000.00	1,475.48	—	918.00	184,926.11	120,060.00	27,342.50	25,946.64	10,984.97	392.00	—	35,638.86
1911 . .	221,782.83	198,663.18	20,000.00	397.40	1,165.15	1,674.20	198,258.83	120,910.00	34,918.29	26,279.56	16,146.98	—	—	23,524.00
1912 . .	225,032.88	202,320.88	20,000.00	23.50	1,014.20	1,675.00	200,777.24	122,460.00	35,890.00	30,457.88	—	3,773.55	8,195.81	24,255.34

TABLE XI. — Summary of Balance Sheets of the Central Credit Institute from 1903 to 1912, in Finland Marks.

Year	Credits		Debits		Particulars										Net Annual Profit and Loss Account		
	Particulars				Share Capital		Reserve Fund		Reserve Fund Against Bad Debts		Divid- ends not Drawn		Govern- ment Loans and Interest		Accounts not Settled		
	Total	Cash to Co-oper- ative Banks	Credits to Co-oper- ative Banks	Deposits in Bank	Bonds and Shares	Total	• A. Fund	Fraud Fund	• A. Fund	Fraud Fund	Reserve Fund Against Bad Debts	—	—	—	303,500.00	—	8,029.07
1903	611,529.07	4.29	42,180.83	568,688.35	—	655.62	603,500.00	300,000.00	—	—	—	—	—	—	—	—	—
1904	1,120,087.79	207.01	270,088.49	834,977.84	—	820.45	1,116,154.07	300,000.00	1,204.36	2,007.27	—	—	868,025.00	100,000	4,817.44	9,933.72	
1905	1,158,262.93	806.79	641,747.79	514,976.60	150.00	554.75	1,137,984.79	300,000.00	2,694.42	4,490.70	—	4,554.00	824,000.00	468.00	1,177.67	20,278.14	
1906	1,475,953.22	143.74	978,017.04	210,422.86	287,091.98	277.00	1,454,313.93	300,000.00	5,736.14	9,560.24	—	7,829.00	1,129,250.00	—	1,944.55	21,639.29	
1907	2,402,395.65	596.63	1,755,790.28	359,520.85	286,286.89	1.00	2,379,729.22	300,000.00	8,982.03	14,970.06	—	8,949.00	2,043,900.00	—	2928.13	22,666.43	
1908	3,443,324.55	41.10	,904,622.62	200,433.34	278,206.89	1.00	3,418,316.65	300,000.00	12,381.99	26,636.67	—	10,143.00	3,972,625.00	—	31,027.99	24,507.99	
1909	4,559,983.18	753.70	3,802,437.07	413,944.14	288,847.27	1.00	4,481,975.49	300,000.00	16,058.17	26,763.65	13,763.11	11,971.00	4,110,458.33	—	2,961.23	24,007.69	
1910	4,551,364.68	517.96	4,033,715.32	230,802.66	286,297.74	1.00	4,315,725.82	300,000.00	19,659.32	32,765.57	24,748.68	13,783.50	4,122,000.00	—	2,709.35	33,638.86	
1911	4,678,063.16	6,539.12	4,406,882.35	265,040.54	299,600.15	1.00	4,654,539.16	300,000.00	25,005.15	41,675.29	40,899.06	14,559.30	4,222,910.00	—	9,490.16	23,524.00	
1912	4,672,132.50	370.94	4,276,367.73	103,344.68	291,851.15	1.00	4,047,877.16	300,000.00	28,533.75	47,556.29	40,899.06	17,391.00	4,204,400.00	—	9,037.96	24,255.34	

The net total profit for the whole period under consideration was, as we see, 206,451.37 Finland Marks. In accordance with the rules of the Society of the Institute, 15 % of this amount, or 30,967.69 Marks, were paid into the reserve fund and 25 % or 51,612.86 Marks, into the special "A" fund, formed, as we have seen, for the redemption of shares of series "A" reserved to the founders of the Institute.

The total amount of dividends paid to shareholders of this last class was 99,513.50 Finland Marks, or 48.23 % of the subscribed capital, distributed as follows:

Year	1903	0 %	of the capital
"	1904	3 %	" "
"	1905 and 1906	4 %	" "
"	1907	4 1/2	" "
From 1906-1912	5	" "	"

In regard to the local co-operative banks, holding shares of section "B" (ordinary shares), they received altogether 20,061.50 Finland Marks or 9.72 % of the subscribed capital.

Altogether, the Central Credit Institute of the Co-operative Banks of Finland has contributed considerably to obtain for the farmers of the country the working capital necessary to develop their farms. It has above all raised their conception of the real value of co-operative credit and prepared them for collective economic business and the reasonable employment of agricultural credit.

APPENDIX.

GENERAL CONDITIONS ON WHICH THE CENTRAL CREDIT INSTITUTE GRANTS LOANS TO CO-OPERATIVE BANKS.

In order that a co-operative credit bank may obtain a loan from the Central Credit Institute of Finland Co-operative Banks it must be constituted in conformity with the Law on Co-operative Action and in its administration and the conduct of its business it must observe the rules laid down by the Central Institute. For the moment these rules are as follows:

§ I

In regard to its objects, its organization, its management, as well as the conduct of its business, the Bank must observe the following regulations:

(1) There must be unlimited liability on the part of all members to pay calls.

(2) The sphere of action of the bank must be limited to a well defined rural district, not too large, for example, a few landed estates adjoining each other, a village or a small densely populated commune.

(3) It must pay interest of not more than 5 % on the payments made by members.

(4) None of the board of management and none of the officers, except the bookkeeper, may be paid. If it is impossible to obtain a really capable bookkeeper without salary, or if the business of the Bank is of such importance that it is not to be reasonably expected that anyone would undertake the bookkeeping and the accountant's work without remuneration, the employee engaged for the purpose may receive a fixed salary, without any percentage whatever on the amount of the business done or the profits made.

(5) The bank must only grant loans to its own members for a strictly defined purpose, such that its realisation may directly benefit the borrower's farm.

(6) In order to increase the knowledge of the members of the bank, both in respect to agricultural technique and co-operation, and to enable them to utilise the loans granted them by the bank, in the most satisfactory manner, the members must, either as subscribers or in any other way, regularly receive the review "Pellervo", or some other publication of similar character approved by the Central Credit Institute.

(7) If the bank makes collective purchases or if it grants its members loans with a view to purchases of the kind, it must do so in accordance with co-operative principles and in conformity with a general plan approved by the Central Credit Institute.

(8) If the borrower uses the amount received as a loan from the bank for a purpose other than that indicated in his application, and if the board of management of the bank does not approve this change, the loan shall be cancelled and immediate repayment demanded.

(9) Except for the regulation payments into the reserve fund and interest legally due to members, the profits realised by the Bank must be all placed to its reserve fund, or to a special fund to be only drawn from for objects of collective progress or co-operative work.

§ 2.

The mere fact of having received a loan from the Central Credit Institute implies an engagement on the part of the bank receiving to accept the supervision of the Institute and to authorize it to supervise and inspect, whenever it judges expedient, the management of the bank, its accounts and the conduct of its business.

All the books of the bank, as well as the documents referring to loans granted by it must be in perfect conformity with the forms approved by the Board of Management of the Central Credit Institute.

§ 3.

Applications for credit must be made in writing and addressed to the Central Credit Institute. They must be signed by all the members of the board of management themselves as well as by the bookkeeper. They must contain :

(1) An undertaking to conform precisely with all the conditions laid down for the loan as well as with the suggestions and corrections made by the Central Credit Institute.

(2) Precise indication of all the loans contracted by the bank both with its own members and strangers, as well as of the total amount of such loans and indication also of the amounts possessed by the bank under form of shares, reserve fund or savings deposits.

(3) An undertaking to purchase a share in the Central Credit Institute for every 5,000 Marks of credit granted.

Applications for credit must further be accompanied :

(1) By a complete list, in accordance with a form drawn up by the Central Credit Institute, of all the members of the bank, giving in each case the name, place of fixed residence, amount of annual revenue according to the last income tax list, and, finally, indication of the total amount of the assets of each member, according to a conscientious estimate made by the board of management of the bank, allowance being made for eventual debts.

(2) By an extract from the report of the general meeting of the members of the Bank, containing the resolutions taken with regard to the total maximum amount of loans and savings deposits the Bank guarantees at one time, as well as the maximum amount it can grant its members. This report must further show the decision of the Bank as to its acceptance, in regard to the work of its board of management and its bookkeeper, of a rule in conformity with the model established by the Credit Institute, with precise and detailed indication of any alteration the meeting may have judged advisable to make in this model.

§ 4.

If, in consideration of the documents mentioned in the preceding paragraph, as well as of other circumstances duly established, the Board of Management of the Central Credit Institute thinks the bank deserving of the credit applied for, it will be granted up to the amount allowed by the financial conditions of the Institute and demanded by the credit requirements of the bank. The decision of the Board of Management of the Institute will be communicated to the board of management of the bank in writing.

§ 5.

The credit granted to each bank will take the form of an opening in current account up to the day on which the contract is denounced by one or other of the parties.

There shall be a new contract for each operation, made out in accordance with a special form.

§ 6.

The board of management of each bank must every January submit to the Central Credit Institute a statement of its accounts and its balance sheet, made out according to a form established by the Institute.

§ 7.

Whenever anyone ceases to be a member of the bank, either owing to his death, or through any other reason, the board of management shall immediately notify the Central Credit Institute. In the same way, any change in the members of the board of management must be communicated to the Institute without delay.

§ 8.

Whenever the general meeting of members decides to make any change in the rules, alters the maximum amount the bank can lend or borrow or introduces any innovation in the regulations in regard to the work of its board of management or its bookkeeper, such decisions must at once be communicated to the Board of Management of the Central Credit Institute.

§ 9.

The board of management of each bank is bound to place at the disposal of every inspector delegated by the Board of Management of the Central Credit Institute, at any moment, all its account books, as well as any schedules relating to them, and all its correspondence, as well as the reports of the meetings of the board of management. It must further give the inspector any further information he may require concerning the working of the bank.

§ 10.

The Board of Management of the Central Credit Institute has the right to delegate a representative to attend any meeting of a bank. He shall have no right, however, to vote at such meetings.

URUGUAY.

SOME INFORMATION RELATING TO AGRICULTURAL ASSOCIATION IN URUGUAY.

SOURCES :

RULES AND ANNUAL REPORTS OF THE FOLLOWING ORGANIZATIONS :

ASOCIACIÓN RURAL DEL URUGUAY (*Uruguay Rural Association*) ;

SOCIEDAD EXPOSICIÓN-FERIA DE SARANDI DEL YI (*Exhibition Fair Society of Sarandi del Yi*) ;

SOCIEDAD AGRICULTORES UNIDOS DE SAN JOSÉ (*San José United Farmers' Society*) ;

ASOCIACIÓN RURAL DEL DEPARTAMENTO DE SAN JOSÉ (*Rural Association of the Department of San José*) ;

SOCIEDAD FOMENTO DEL PASO DE LOS TOROS (*Agricultural Society of Paso de los Toros*) ;

SOCIEDAD FOMENTO " AIGUA " (" *Aigua* " *Agricultural Society*) ;

SOCIEDAD RURAL E HÍPICA (*Agricultural and Horse Improvement Society*) ;

CLUB FOMENTO DE MINAS (*Minas Agricultural Club*) ;

REVISTA DE LA ASOCIACIÓN RURAL DEL URUGUAY (*Review of Rural Association in Uruguay*)

Years 1910, 1911, 1912, 1913 and 1914.

§ 1. INTRODUCTION.

In a young country like Uruguay, the agricultural economy of which is still in its initial stage, it is not surprising that agricultural association should not yet have attained the same degree of development as in the older Europe, above all as regards the highest and most perfect forms which this association has assumed.

It is enough to consider briefly the agricultural conditions of the country to day to see what obstacles hinder the progress of association. Indeed the low density of the population, the prevalence of livestock improvement, which means large farms with few people on them, the insufficient means of communication etc. constitute a group of circumstances that cause the farmers to remain in an isolation which is not favourable to agricultural association. Yet, as we shall see, efforts have not been wanting in this

field of rural economy. We may even say that Uruguay was one of the South American countries in which association first made its appearance, as is natural considering that this country is essentially devoted to agriculture and livestock improvement. But the institutions founded, even the oldest and the most important, in most cases, as we shall see hereafter, appear under the form of general and elementary associations, or, in their organization, assume a multiplicity of forms still very remote from that specialisation which has been reached by agricultural institutions in our days.

§ 2. AGRICULTURAL ASSOCIATIONS AND THEIR ORGANIZATION.

There are no statistical returns as yet published in Uruguay of the agricultural associations working in the country. We shall therefore merely give the names of the principal. These are, according to information kindly supplied to us by the Department of Industries and the technical publications on the matter :

In the chief towns of Departments :

Uruguay Rural Association, Montevideo ;
Salto Agricultural, Horse and Livestock Improvement Association ;
Paysandú Rural Society and Agricultural Club ;
Rio Negro Rural Association ;
Soriano Rural and Industrial Association ;
Colonia Rural and Industrial Association ;
Rivera Agricultural Society ;
Tacuarembó Livestock Improvers' Society ;
Flores Agricultural Society ;
San José Rural Association ;
Minas Agricultural Club ;
Maldonado Rural and Industrial Association ;
Treinta y Tres Agricultural Society ;
Rocha Rural Association ;
Melo Rural Exhibition Fair Society ;
San José United Farmers' Society.

In the essentially rural districts and smaller towns and villages :

Dolores Rural and Industrial Association ;
Molles Labour League ;
Arroyo Grande Rural Association ;
Carmen Labour League ;
Sarandi del Yi Rural Exhibition Fair Society.

Lascana Rural Association ;
Santa Rosa del Cuareim Society for the Encouragement of Agriculture and Livestock Improvement ;
Paso de los Toros Agricultural Society ;
"Aigua" Agricultural Society ;
José Battle Agricultural and Horse Improvement Society.
Let us now consider the general organization of these societies.

1. Objects and Aims of the Agricultural Associations. — The rules of almost all these associations make use of the following general formula, to show the objects they propose to accomplish; "the encouragement of livestock improvement, agriculture and the industries connected therewith," an extremely vague phrase, to cover innumerable operations. Certain of these societies define their aims somewhat more clearly, as for example, the Paso de los Toros Agricultural Society, which includes in its programme, the organization of shows, support of all undertakings for the improvement of rural industries, protection of the interests of farmers etc.

To give an example of the multiplicity and diversity of the ends pursued by certain associations, we shall mention the San José Farmers' Society, the objects of which are stated in its rules to be: (1) Mutual assistance of members in all claims of general interest for agricultural industries and livestock improvement; (2) Co-operation in the destruction of all pests by which agriculture suffers and the encouragement of the adoption of the most improved methods for the advance of industries; (3) application to the public authorities for the installation of elementary schools in localities in which they are required and the foundation of an agricultural school in the department; (4) defence of members on occasion of any attempt against their personal liberty or their property; (5) a campaign against gambling and alcoholism among members; (6) assistance in procuring medical attendance and medicines etc. for members and their families; (7) insurance of members against hail and accidents in work on payment of fixed premiums, (8) the foundation of co-operative dairies and the organization of a service of threshing machines either leased or purchased (1).

We have already said that the population of Uruguay is essentially occupied in agriculture and livestock improvement, so that it is natural that in this country association should first take an agricultural form. However, it must be observed that in many cases the unions are not exactly professional associations, which imply a higher stage of social activity, but elementary associations formed to enable the members more easily to satisfy their various social, intellectual and artistic requirements etc; in a word, associations that are agricultural in so far as they are formed amongst farmers for the protection of their interests, and, at the same time, for the satisfaction of other requirements. Thus, we find for example, that the Minas Agricultural Club, has, in addition to the rural section occupied with the progress of agriculture and livestock improvement, two others, one artistic, literary and sporting, for entertainments, music, shooting, fencing and gymnastics, with a library, and the other, industrial and com-

(1) These last aims of a co-operative nature are not direct objects of the society, which has to restrict itself to encouraging with the means at its disposal the foundation of organizations for co-operative work. Besides, the rules themselves provide that nothing shall be done in these directions until the society has reached a certain stage of economic development.

mercial, for everything relating to industry generally, arts and trades, commerce etc.

To sum up, we may say that the rural associations of Uruguay propose at one and the same time to improve the professional and social position of their members and the district in which they work.

2. *Capital.* — In most of the rural associations of Uruguay, the capital consists in a definite number of shares, varying in value from 10 pesos to 100 pesos each, according to the society.

In other cases the capital is formed by means of contributions from the members.

As we shall see, almost all of these organizations include among their means of action the holding of exhibitions, fairs, shows etc. from which they derive profits. A part of these are then utilised to form a reserve fund; some societies use the balance to increase their capital, others distribute it as a dividend among their shareholders, and in this sense they are commercial societies.

3. *Members.* — In the associations which have their capital in shares, all shareholders are members. But there are some of these associations, the *Rural Association of the Department of San José*, for example, in which, after the issue of shares forming the share capital has been taken up, any new applicant for membership must be presented by two members and pay a fixed entrance fee. The case is the same in associations without share capital.

Generally speaking, it is not necessary to be a farmer in order to be a member of these associations; any person is admitted to membership on satisfying the above conditions. However, in the rules of some associations the members are divided into active and protecting members, according as they are farmers or not; in general, however, the two classes have the same rights and duties.

4. *Means of Action.* — These associations include among their means of action the organisation of shows, exhibitions, fairs, lectures etc.

At the shows and fairs each of them opens at least once a year, not only are the members' produce and other exhibits accepted, but also those of all agriculturists and livestock improvers of the locality.

The exhibitors, farmers or agents, pay the association an entrance fee in advance. At cattle shows or fairs, the association charges for the stand and for the forage consumed.

§ 3. THE URUGUAY RURAL ASSOCIATION AND ITS WORK.

After the above remarks on the general organization of agricultural associations in Uruguay, it will be well to consider at greater length one of the longest established of them, as an example. The *Uruguay Rural Association* is probably the most powerful in the country and is tending to become a bond of union for all the agricultural associations scattered over the whole area of the Oriental Republic.

This Association was formed in 1871. Its rules have been amended several times since its foundation; the last revision was made in 1907. According to the rules, the society proposes (1) to defend and promote the interests of agriculture and livestock improvement, as well as of the industries derived therefrom; (2) to develop the producing power and the social value of farm labourers and (3) to render agricultural effort uniform and harmonious. To attain these ends the Association has to exert its action in the following directions:

(a) To work for the preparation of measures and the promulgation of laws favouring the national farm production;

(b) the introduction of the reforms considered necessary in the commercial treaties affecting such produce;

(c) the opening of new foreign markets and the definite assurance of those open to the produce of the country;

(d) the encouragement of the introduction of new rural industries into Uruguay;

(e) the stimulation of private enterprise and its support by the Government authorities in everything tending to increase the prosperity of the rural districts and the amelioration of rural life;

(f) the encouragement of individual effort and the spirit of co-operation;

(g) the continuous increase of the influence of the departmental agricultural associations on the economic interests of the departments, so that these associations may become social forces able to transform the rural conditions with advantage;

(h) the harmonising of the efforts of all the rural associations of the country, rendering them intelligent and convergent;

(i) the constant active propagation of ideas favourable to the improvement of livestock, crops, the system of reproduction and the perfect preparation of the produce;

(j) the organization of congresses, fairs and exhibitions and their effective support as well as that of other gatherings of the same kind held in the departments;

(k) the diffusion of scientific knowledge of the greatest utility for rural industries and the ideas best suited for promoting the union and organization of the agricultural class.

We see therefore that the field of action of this institution is extremely wide, although it remains within the domain of pure association.

The Association we are considering is managed by a committee of management elected by the members. The committee, in its turn, appoints sub-committees to deal with the various manifestations of the activity of the institution. Up to the present the following commissions have been working: legislation, agricultural science, veterinary surgery, viticulture, *saladeras* and rural industries.

The members may be honorary, foundation, active, delegated and correspondent. An active member must be presented by two members or by one of the Committee of management or pay an entrance fee of 10 pesos.

Foundation and active members pay a monthly contribution of 1.50 pesos.

The delegated members are persons appointed by the departmental agricultural associations to represent them in the Rural Association.

The Association has to keep herdbooks of the various breeds of cattle reared in the country, and it publishes a monthly review, the "*Revista de la Asociación rural de Uruguay*", one of the most important agricultural publications of the country, which it distributes gratis to its members.

It would be too long and difficult a business to enumerate all the efforts, all the undertakings and, generally, all the manifestations of the activity of the Uruguay Rural Association. It is the more difficult, when we consider that this activity is almost always concerned with that complex series of many little matters which, while externally not making a great figure, are of vital importance for the farmers, as in them the machinery of rural life consists ; questions, namely, of export and import dues, ocean freights, railway transport, sanitary police, the improvement of methods of farming, and breeding and selection of livestock etc. In regard to all these matters, the farmers, whether alone or associated in departmental societies, have always found an active, intelligent and efficacious defender of their interests in the Association.

Independently of the activity displayed with regard to these matters, we must specially mention the action of this institution in regard to : (a) the drafting of the Rural Code, which was later adopted, with slight amendments, by the public authorities and is now in force, (b) the institution, in 1901, of annual agricultural congresses attended by delegates of the agricultural classes of the whole country, the decisions of which, supported by the Association, have for the most part been sanctioned as laws : (c) annual exhibitions, shows and conferences with the object of improving the agriculture and cattle breeding of the country etc.

We shall close our remarks upon the Uruguay Rural Association by giving a few figures to show its financial position. According to the Report for the year 1912-1913, the expenditure of the Association during the period had been 7,407 pesos and the revenue 10,343 pesos, giving a profit of 2,936 pesos. The share capital at the end of the year amounted to 55,886 pesos.

We give below the balance sheet of the Association for May 31st., 1913:

Credits.

Office of the Society	\$ 40,699.74
Insurance Paid in Advance	\$ 57.86
Library	\$ 2,627.78
Account Bernardo Fernandez (agent)	\$ 112.50
,, Antonio Valente (agent)	\$ 154.50
,, Bank of the Republic (current acct. gold)	\$ 9,960.15
Furniture and Implements	\$ 1,549.36
Herdbook	\$ 1,232.44
Subscriptions Due	\$ 2,620.61
Cash (balance in money)	\$ 262.04
	<hr/>
	\$ 59,276.98

Debits.

Subvention to the Veterinary Laboratory	\$ 500.00
Subvention Dr. Juan P. Castro	\$ 1,129.90
Agricultural Show	\$ 778.45
Motor Show	\$ 0.90
Bank of the Republic	\$ 231.46
Donation Charles A. Arocena	\$ 235.50
National Exhibition of 1913	\$ 514.24
Capital	\$ 55,886.53
	<hr/>
	\$ 59,276.98

§ 4. WORK OF THE URUGUAY RURAL ASSOCIATION IN BEHALF
OF AGRICULTURAL ORGANIZATION.

The circular addressed to the rural classes in 1871 by the committee of founders of the Uruguay Rural Association stated that its principal object was to form an agricultural centre for all those interested in the progress of the country so as to effect improvements impossible while the *existing isolation of the farmers* continued. If we examine the provisions that have all along guided the action of the Uruguay Rural Association, we shall see that it has always preferred to give its attention to the formation of a rural centre for the promotion and the protection of the interests of the agricultural classes, showing the importance of agriculture as the chief factor of the national wealth.

In fact, in the rules of 1882 (amending those of 1871), amongst the matters to which the committee of management has to devote its attention, mention is made of the strengthening of the bonds between similar

corporations in the country; the rules of 1890 make similar provision, as do also those of 1903 and, finally, in the rules of 1907, now in force, the list of the objects of the Association was increased by the paragraphs (g) and (h) reproduced above (1).

In regard to the application of these principles we see in practice that, when as yet there were no rural societies in the departments, the Association formed in each of them an auxiliary committee from among its own members resident in the locality, to attract the rural classes by assisting them in their work; as these committees also occupied themselves with the interests of their respective regions, they were, in reality, the fruitful seed of the rural associations now existing in the departments. These commissions sent delegates to the ordinary meetings of the Association, taking thus a first step in the direction of the agricultural congresses established in 1901.

When a few rural societies had been formed by it, the Association pursued its work of union, drafting the regulations of June 2nd., 1902 by which it incorporated with itself all the committees and societies of agricultural character, which had amongst their members ten members of the Association or subscribers to its Review, these groups undertaking to correspond with the committee of management of the Association on all matters they considered as having an interest for the agriculture of their respective districts.

Finally, as we have said, on the initiative of the Association, annual rural congresses have been instituted. Delegates from all the agricultural unions of the country attend them in order to study and solve the manifold problems in which the agricultural class is interested, and at the same time encourage the union of these groups.

We see, then, that the Uruguay Rural Association has always had in view as its eventual object the organization of the rural classes as of the greatest advantage for the agriculture of the country. It is easy to recognise, however, as Señor Taboada, a member of this Institution, has said, that it alone can do little to realise its desires (2).

In fact it is certain that each department has at least one rural association, but these associations are not as yet all united for common work, and, what is still more important, the whole group of those farmers, who, through apathy or indifference, remain strangers to the association movement, has not yet been incorporated with it. It is only by such incorporation the farmers will be able to defend their interests properly.

(1) See preceding paragraph.

(2) See TOBOADA BAYOLA (Felix): *Nuestra Asociación y la Organización del gremio rural*, in the "Revista de la Asociación Rural del Uruguay", February, 1915.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

GERMANY.

REUSCH (H.): **DAS SPAREN BEI DEN SPARKASSEN UND DEN KREDITGENOSSENSCHAFTEN.**
(*Savings Deposits in the Savings Banks and in the Mutual Credit Societies*). "Zeitschrift
für Socialwissenschaft", Leipzig, 1914, Nos. 7 and 8. pp. 533-541.

In this short article the author endeavours to estimate the amount of savings deposits administered by the savings banks, comparing it with that deposited in the co-operative credit establishments, as these two classes of institute may be considered as almost the only ones that collect the savings of the large mass of the German people. He draws attention first of all to an essential difference, not always clearly marked in practice, between the two kinds of organisations. In the savings banks the savings business is an end in itself, because the object of these banks is precisely to collect savings. The amount thus accumulated is then invested with the sole object of obtaining interest for the depositors. We may say that the reverse is the case with the co-operative credit societies, the principal object of which is to grant loans and accept savings deposits for the sole purpose of lending. The result of this difference for the depositor is that, whilst the savings banks endeavour to invest at the highest possible interest, so as to be able also to give the highest possible interest on deposits, the co-operative credit establishments endeavour to keep the rate of interest on the deposits as low as possible, so as to be able to grant credit cheap.

We see, in the tables accompanying the article, that the total amount of the deposits in the savings banks and co-operative credit establishments in Germany is 21,300,000,000 marks, two thirds of which are deposited in Prussia. Of this amount, the co-operative credit establishments have collected only 3,500,000 marks, and the agricultural credit societies, only 2,000,000,000 marks. The classification of the deposits according to States and provinces, which enables us to form an idea of the saving possibilities of each part of the Empire is very interesting. The difference is especially great in regard to the amount of the savings collected by the credit societies and this is not due to the societies being more or less known, but also to the special conditions of the different regions. In the provinces of East and West Prussia and in Posen, as well as in Bavaria, the savings deposited in the

co-operative credit establishments almost equal in amount those deposited in the savings banks, whilst, on the contrary, for the whole Empire, the average proportion between the two classes of deposits is as 1 to 5. In the Kingdom of Saxony, the co-operative credit establishments have made little way. In fact, there the statistics show 13 marks deposits for each individual in the co-operative credit establishments as against 377 in the savings banks; further, 0.9 % of the inhabitants deposited in the co-operative credit establishments as against 68.5 % depositing in the savings banks. On an average, in all Germany, 34.7 % of the population deposited in savings banks, while 4 % are in members of co-operative credit societies. However, as regards the number of the depositors in the co-operative and credit establishments, there being no statistics to hand, the author has estimated it at nearly twice the number of members, that is at a total of 5,000,000 persons.

GREAT BRITAIN AND IRELAND.

REPORTS OF THE CHIEF REGISTRAR OF FRIENDLY SOCIETIES FOR THE YEAR ENDING 31ST. DECEMBER 1912. PART B. INDUSTRIAL AND PROVIDENT SOCIETIES. London, 1914. Eyre and Spottiswoode. Fol. XVIII + 272 pages.

The difficulty of collecting returns from some thousands of societies accounts for the fact that when the official statistics of co-operative societies in Great Britain are published, they are already somewhat out of date. When they arrive, however, they are exceedingly full and detailed, and every effort is made, by careful classification, to make them as instructive as possible. The classification has been greatly improved of recent years, and the societies are now divided into six great groups, viz., Agricultural Societies, Distributive Societies, Productive Societies, Businesses, Land and Housing Societies and General Co-operative Development Societies. Each of these groups, except the last-named, is divided into several classes.

The Agricultural Societies are classified as follows : Agricultural Trading Societies, Bee-keepers' Societies, Dairy Societies, Egg and Poultry Societies, Farmers' and Growers' Associations, Pig and Cattle Suppliers, Smallholders' Clubs, Agricultural Wholesale Societies, Flax Societies, Horse and Cattle Breeding Societies, Threshing Societies, Agricultural Development Societies, Miscellaneous Agricultural Businesses, Credit Societies and Small Holdings and Allotments Societies. This does not, however, exhaust the list of societies which might properly be included amongst agricultural co-operative societies for the bacon-curing factories (of which only two were at work, though six had been registered) are really farmers' societies, analogous to the co-operative dairy societies, and have little in common with the productive societies amongst which they are classed and which are societies either of consumers, or of workers. This distinction seems to have been recognised in the case of the Sherston Milling So-

ciety which, being a society of farmers, is classed as an agricultural trading society and not amongst the flour milling societies in the group of productive societies. The equally important distinction between productive societies composed of workers (or co-partnership societies) and productive societies composed of consumers has been found impracticable to draw, as the returns do not indicate the share (if any) held by the workers in the management of the various societies.

The number of societies which furnished returns was 3,562. They contained 3,144,033 members, and had a paid-up capital of £ 40,626,750, and a loan capital of £ 9,330,095, besides deposits to the amount of £ 8,044,942. The sales amounted to £ 209,707,533 and the net profit realised to £ 13,246,387.

The societies classed as agricultural societies numbered 1,086, contained 120,450 members and sold goods to the value of £ 5,080,729. To these should be added the six bacon-curing societies, with a membership of 5,229 and sales amounting to £ 103,607. It should also be noted that the credit societies which figure in the returns are very few in number, since the great majority of agricultural credit societies are registered under the Friendly Societies Acts and the statistics relating to them appear in another Report.

The most numerous class of society were the distributive trading societies, numbering 1,493, with a membership of 2,766,241 and sales amounting to £ 80,789,348. The two great Wholesale Societies sold goods to the value of £ 38,126,329; a third had been registered, but had not started business. The total value of the goods produced by all classes of societies was £ 26,350,750, of which £ 10,170,135 was produced by distributive societies; £ 9,842,335 by the wholesale societies; £ 3,861,588 by productive societies other than agricultural and £ 2,476,722 by agricultural societies.

ROUMANIA.

MALTEZIANU (CONSTANTIN): DIE NEUEREN AGRARREFORMEN UND DIE PACHTGENOSSENSCHAFTEN IN RUMÄNIEN. (*Recent Agricultural Reforms and Collective Leases in Roumania*). Schmollers Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft in Deutschen Reich, 38th. Year, 2nd. number, pp. 299-350. Munich and Leipzig, 1914.

The author after dealing in a short introduction with the unhappy conditions of Roumanian agriculture which led to the sanguinary revolt of the peasants in 1907, examines the measures taken since that date for the improvement of the conditions of agriculture.

These reforms, which we have already to some extent dealt with in preceding numbers of our Bulletin, are of various kinds. Some have in view the immediate improvement of the peasants' situation. These include the regulation of agricultural contracts (dealing with regulation of field

labour, minimum leases and wages, collective pasture land) and the foundation of rural banks to facilitate the purchase of land by the peasants; they further include provisions against the lease *trust* and regulate the conditions of lease of land held in mortmain to collective farming associations and the sale of Government land to the peasants. The object of other laws is to render it easier for the peasants to have recourse to justice (by means of circuit courts) and to combat alcoholism (by the monopoly of the liquor sale). Other laws were passed in the expectation that the reclamation of the Danube plain for the benefit of the owners of the land would also improve the conditions of the peasants.

It is not our purpose to examine the article in detail here, especially as the subjects dealt with in it have been or will be dealt with in other essays in our Bulletin. We shall confine ourselves to saying that, as a result of the constitution of collective farms and of the foundation of rural banks, nearly 300,000 hectares have already passed into the hands of the peasants. The author is of opinion that within the next ten years, in consequence of these two movements and the sale of the Government land, about 1,000,000 hectares may be acquired by the peasants. In this way, 65% of the cultivable area of Roumania will consist of land cultivated by peasant proprietors and this, without doubt, will have an excellent effect on the development of the country. The rapid increase in people's banks and collective leases since the revolution witnesses to a most desirable improvement on the state of things previously existing.

However, there are still very important questions to be settled. Provision may first of all be made by law for the instruction of the peasants, both as regards their general education and also in agricultural matters. It is necessary, further, to attempt to instil more deeply into the peasants the sense of justice and equality, so that they may feel themselves the equals of their fellow citizens and obtain their rights from the law courts and from the administrative authorities. On the other hand, it is the duty of the large land owners and tenant farmers to contribute to the suppression of social conflicts in the country, by a more equitable treatment of the peasants and by joining with them in the work of the various classes of agricultural co-operative societies.

Part II: Insurance and Thrift

ITALY.

PROGRESS OF THE INSURANCE SOCIETIES IN ITALY.

SOURCES:

LE SOCIETÀ DI ASSICURAZIONE SULLA VITA NEL SESSENNO 1904-1909. "Annali del Credito e della Previdenza". (*Life Insurance Societies in the Six Years, 1904-1909. — Annals of Credit and Thrift*). Year 1911, Vol. 88. Ministero di Agricoltura, Industria e Commercio. Direzione Generale del Credito e della Previdenza.

LE OPERAZIONI DEGLI ISTITUTI DI ASSICURAZIONE IN ITALIA NEL 1912. "Annali del Credito e della Previdenza" (*Transactions of the Insurance Institutes in Italy in 1912. — Annals of Credit and Thrift*), 2nd. Series, Vol. 8. Ministero di Agricoltura, Industria e Commercio. Direzione Generale del Credito e della Previdenza. Rome, Tip. L. Cecchini, 1914.

ISTITUTI DI ASSICURAZIONE ESISTENTI IN ITALIA AL 1º GENNAIO 1913. Fascicolo I: Istituti pubblici. Fascicolo II: Istituti privati (*Insurance Institutes existing in Italy on January 1st., 1913. No. I. Public Institutes. No. II. Private Institutes*). Ministero di Agricoltura, Industria e Commercio. Direzione Generale del Credito e della Previdenza. Rome, Tip. G. Bertero, 1913.

BOLLETTINO DI NOTIZIE SUL CREDITO E SULLA PREVIDENZA. (*Bulletin of Information on Credit and Thrift*). Ministero di Agricoltura, Industria e Commercio. Direzione Generale del Credito e della Previdenza.

BOLLETTINO UFFICIALE DELLE SOCIETÀ PER AZIONI. (*Official Bulletin of the Societies Limited by Shares*). Ministero di Agricoltura, Industria e Commercio. Direzione Generale di Credito e della Previdenza.

The degree of development reached by the insurance societies of a country may be considered not only as an indication of the more or less complex and perfect state of its economic business, but also as indicative of the national wealth. We, therefore, think it well to consider the development assumed by the insurance societies in Italy as revealed by official statistics. To give a complete idea of it, with special regard to agricultural

insurance, we shall consider all the forms of thrift practised in Italy, summarising the statistics of the business done in 1912 by the insurance societies legally working in the Kingdom in accordance with the Commercial Code.

§ I. GENERAL INFORMATION AND STATISTICS.

In 1912 there were 188 insurance societies (1) working in Italy, 107 national and 81 foreign, as follows :

(a) National Societies :

Societies Limited by Shares	43
Co-operative Societies	34
Mutual Societies	30

(b) Foreign Societies :

French	24
German	22
Austrian and Hungarian	11
British	11
Swiss	7
North American	3
Dutch	2
Spanish	1

The 107 national societies transacted business in 17 branches of insurance, that is to say: 32 devoted themselves to life, 22 to hail, 19 to fire, 16 to transport insurance, 12 to voluntary and 9 to compulsory accident insurance, 8 to livestock insurance, 6 to insurance against theft, 6 to window and 5 to marine insurance, 5 were reinsurance societies, 3 were emigrant, 2 liability, 2 sickness insurance societies, 2 insured against strikes, 2 insured plants, and 1 motor cars.

A large number of different kinds of insurance was undertaken at the same time by the limited liability societies; the mutual and co-operative societies, on the other hand, with rare exceptions, undertook only one branch each.

(1) Not considering the societies only working in the Commune in which they have their headquarters, of which there were 287 in 1912. See in this connection the second number, *Istituti privati*, of the Publication given among the sources of this article: "Istituti di Assicurazioni esistenti in Italia al 1^o gennaio. 1913."

The foreign societies undertook 14 branches of insurance. In their case also, the majority (27) were life insurance societies; the other branches undertaken were as follows: transport (25 societies), fire (17), voluntary accident insurance (15), theft (8), compulsory accident insurance (3), liability (3), marine (3), window (3), hail (2), sickness (1), motor car (1), guarantee (1) and insurance against damage from water (1).

Altogether the 188 societies working in Italy in 1912 undertook 19 branches of insurance as follows: life (59), transport (41), fire (36), voluntary accident (27), hail (24), theft (14), compulsory accident (12), window (9), livestock (8), marine (8), liability insurance (5), reinsurance (5), sickness insurance (3), emigrant (3), strike (2), motor car (2), plants (2), guarantee (1) and insurance against damage from water (1).

From the above figures we see first of all the international character of insurance in Italy, as almost all branches are undertaken both by national and foreign societies.

The above national societies had, altogether, a subscribed capital of 147,131,765 frs. (the societies limited by shares having 137,067,400 frs. and the co-operative societies 10,064,365 frs.), and a paid up capital of 56,770,202 frs. (53,675,716 in the societies limited by shares and 3,094,441 in the co-operative societies). The subscribed capital of the foreign societies, on the other hand, amounted to 581,126,000 frs. and the paid up capital to 222,833,244 frs.

For the right understanding of these figures we must, however, observe: 1st., that, in view of the small importance of a capital for these undertakings, by art. 131 of the Commercial Code, insurance societies may be founded in Italy with only a tenth of the subscribed capital paid up, instead of three tenths, as is required in the case of commercial societies; 2nd., that the capital indicated above in the case of foreign societies is that of their whole business carried on in various countries.

So much said, let us now consider the most important branches of insurance.

§ 2. LIFE INSURANCE.

In 1912 there were 59 life insurance societies in Italy, 32 national and 27 foreign. Of the former, 16 were limited liability, 11 co-operative and 5, mutual societies. Of the latter, 7 were Austrian or Hungarian, 6 French, 4 German, 4 British, 3 North American, 1 Dutch, 1 Spanish and 1 Swiss.

There was a decrease of 2 societies, on the number of those working in 1909, the last year for which official information had been published.

It must, however, be remembered that in 1912 many societies began to transfer their Italian policies to the *Istituto Nazionale delle Assicurazioni* (National Insurance Institute) founded by law no. 305 (1) of April 4th., 1912.

(1) See in this connection our Bulletin for May, 1912.

and that other societies ceased to issue new policies in view of the law, which came into force on January 1st., 1913, and certain particulars could not be obtained by the Department, as several societies were in liquidation.

However, the increase in the amount of premiums collected was not arrested, and between 1909 and 1912, it was 12.38 % for the national and 12.19 % for the foreign societies. It is important to observe that, while in 1912 the national societies collected 29,151,019 frs. in premiums, the foreign societies collected 40,788,153 frs.

The premiums and accessory amounts collected in this year came to 29,484,497 frs. in the national societies and 41,534,311 frs. in the foreign societies and thus, altogether, to 71,018,808 frs.

Altogether the amounts paid out in sums assured and pensions due and on surrender of policy, together with those still to be paid for claims not yet dealt with at the end of the year came to 49,951,493 frs. (19,495,770 frs. in the national and 30,455,723 frs. in the foreign societies).

Deducting from this total the amount for claims remaining to be dealt with at the beginning of 1912, namely 4,978,681 frs., the amount for claims, insurances matured and surrenders in 1912 was 44,972,812 frs. (in the national societies 18,002,596 frs. and in the foreign societies 26,970,216 frs.). In comparison with the premiums and accessory amounts for the year, the percentage of claims, insurances matured and surrenders was 61.05 for the national and 64.93 for the foreign societies.

The larger number of policies (26,006 out of 40,522) was issued by the national societies, which in fact issued 64.17 % of the new policies, but only assured 38.84 % of the total capital assured (98,227,219 frs. out of 252,898,544 frs.) ; of the pensions, however, the national societies assured 83.15 % (512,075 frs., out of a total of 615,820 frs.).

§ 3. ACCIDENT INSURANCE.

There are two kinds of insurance of labourers against accidents in their work in Italy, compulsory and voluntary. The first, regulated by the law no. 51 of January 31st., 1904 (final text), was in 1912 undertaken by 12 societies (1), 9 being national and 3 foreign. Of the 9 national 7 were limited liability and 2 mutual societies.

The total of the premiums and accessory amounts for 1912 was 13,114,088 frs. in the national, and 893,340 frs. in the foreign societies.

In connection with the amount of capital assured we must observe that some societies furnish no information on the subject, others confine them-

(1) In 1912 this insurance was also undertaken by the Cassa nazionale di assicurazione per gli infortuni degli operai sul lavoro (*National Society for the Insurance of Workmen against Accidents in their Work*), by 2 compulsory and 25 voluntary syndicates, by 21 private societies and 14 private consortium societies, authorized in accordance with the above law.

selves to showing the amount of wages of the insured workmen and others, finally, take the wages as the basis on which to calculate the amounts assured in case of death (5 years' wages), permanent disablement (6 years' wages) and temporary disablement (a percentage which varies).

The claims for 1912 amounted to 10,913,573 frs. for the national societies and 833,462 frs. for the foreign societies and thus altogether to 11,750,030 frs.

The proportion of the claims to the premiums was therefore 83.24 % for the national and 93.30 % for the foreign societies ; the percentage for both was 83.88 %.

Voluntary accident insurance in this year was undertaken by as many as 27 societies, 12 of them national (8 limited liability and 4 co-operative) and 15 foreign.

The former collected 17,443,587 frs. in premiums for the year, the latter, 1,988,171 frs.

As we see, the national societies collected 90.06 % of the premiums, and the foreign societies only 9.94 %.

The claims in 1912 amounted to 11,369,140 frs., 10,091,78 frs. (88.76%) in the national and 1,277,342 frs. (11.24 %) in the foreign societies.

The claims for the year were in the case of the national societies 5 % and in that of the foreign societies 64.25 % of the premiums.

The figures given above show that most business is done by the national societies, whether in the field of voluntary or of compulsory insurance.

§ 4. HAIL INSURANCE.

In 1912 there were 24 hail insurance societies working in Italy, 22 national and 2 foreign ; of the former 6 were limited liability societies, 6 mutual and 10 co-operative.

The total premiums and accessory amounts, collected by the national societies came to 24,166,958 frs. (88.80 %) and those collected by the foreign societies to 3,048,938 frs. (11.20 %); thus, altogether, to 27,215,896 frs.

The amounts assured by the former group came to 509,080,029 frs. and those assured by the second group to 62,147,098 frs.

We find then that the average premium in the national societies is 4.75 % of the amount assured, and in the foreign societies 4.91 %.

In 1912 the claims amounted to 13,149,584 frs., 11,706,713 frs. in the national and 1,442,871 frs. in the foreign societies. The proportion of the claims to the premiums was 51.84 % in the national and 47 % in the foreign societies ; for all the societies together it was 51.34 %.

The working year 1912 was, however, one of the most favourable for the hail societies ; indeed, the claims and valuation expenses, which, as we have seen, amounted to 51.34 % of the premiums and accessory amounts in 1912, on the contrary, in 1911 and 1910 had amounted to 97.42 % and 99.24 % of the corresponding amounts for those years respectively.

It is also interesting to consider the proportion of the working expenses to the premiums and accessory amounts. It was 6.19 % in the national societies and 11.04 % in the foreign societies. The proportion, taking all the societies together, was 6.74 %.

However, if the working expenses of the foreign societies were twice as high as those of the national, the percentage for commissions was in the latter twice as high (12 %) as in the former (5.22 %).

The difference is perhaps due to a different method of calculating the working expenses and commissions in the two groups of societies.

To obtain a still more exact idea of the progress made by this branch of insurance in Italy it will be well to consider the figures of the last official statistical report, that for the year 1903. In fact, the amounts assured and the premiums collected in 1903 (1) and 1912 were as follows :

TABLE I. — *Amount Assured by the Hail Insurance Societies.*

Amount Assured	1903	1912	Increase	
			Total	Per cent
	f.s.	f.s.		
National Societies	266,482,401	509,080,029	242,597,628	91.04
Foreign Societies	42,997,970	62,147,098	19,149,128	44.53
Total	309,480,371	571,227,127	261,746,756	84.58

TABLE II. — *Premiums Collected by the Hail Insurance Societies.*

Premiums Collected	1903	1912	Increase	
			Total	Per cent
	f.s.	f.s.		
National Societies	10,819,720	23,344,351	12,524,631	115.76
Foreign Societies	1,873,511	2,936,575	1,063,064	56.74
Total	12,693,231	26,280,926	13,587,695	107.05

From the above figures taken as a whole we see that the business done by the national societies was more important than that done by the foreign.

(1) See *Bolettino di Notizie sul Credito e sulla Previdenza*. Ministero dell'Agricoltura, Industria e Commercio. Rome, Years 1903, 1904, 1905 and 1906.

Finally, the business done by the hail insurance societies in the last working year, 1913, again indicated increased thrift on the part of the farmers; as appears from the following total figures: amount assured: 585,000,000 frs.; premiums 28,116,977 frs.; claims 27,361,202 frs.; working expenses 4,823,975 frs.; taxes 469,635 frs.

These figures are, however, not quite accurate, since the Official Bulletin of the Department of Agriculture, Industry and Commerce, from which our information is derived, has not yet published the balance sheets of some societies for 1913. In that year the amount paid up in claims was considerable. Indeed, 27,000,000 frs. were paid in claims as against 28,000,000 collected as premiums. Adding to this almost 5,000,000 frs. for working expenses and almost 500,000 frs. for taxes, we find the societies and reinsurance institutes suffered a loss of about 5,000,000 frs.

§ 5. FIRE INSURANCE.

In 1912 there were 36 fire insurance societies working in Italy (1), 19 national and 17 foreign. Of the former, 8 were limited liability, 7 were co-operative and 4 mutual societies.

The total of the premiums and accessory amounts for the year came in the case of the national societies to 28,032,984 frs. (in 1903, 15,815,011 frs.) and in that of the foreign societies to 30,763,591 frs. (in 1903, 17,980,099 frs.) and so, altogether, to 58,796,575 frs.

The amount assured by the national societies in 1912 amounted to 20,558,733,264 frs. (13,697,290,690 frs. in 1903) and that assured by the foreign societies to 21,430,394,578 frs. (in 1903, 14,498,669,696 frs.).

The claims amounted to 28,997,401 frs.: 14,770,217 frs. in the national and 14,227,184 frs. in the foreign societies.

The percentage of claims to premiums and accessory amounts, in the year considered was 52.69 in the case of national and 46.25 in that of foreign societies.

The working expenses in the national societies were 6.85 % of the above total of premiums and accessory amounts and in the foreign societies 9.77 %. The percentage of working expenses was therefore higher in the foreign societies. The same may be said of the percentage of commissions to agents on the premiums and accessory amounts, which was 16.35 in the national and 18.09 in the foreign societies.

From all these figures taken together we find that this branch of insurance is making appreciable progress, especially in the national soci-

(1) No account is here taken of local fire insurance societies. Of such societies, with a sphere of action limited to a single commune in 1912, there were 179 (114 mutual and 65 co-operative) authorised for work in accordance with the General provisions of the Commercial Code and 32 authorised in accordance with law no. 526 of July 7th., 1907.

ties, which have almost equalled the foreign in respect to the amount of their premiums.

§ 6. TRANSPORT INSURANCE.

In 1912 there were 41 societies, 16 national (of which 15 were limited liability societies and 1 a co-operative society) and 25 foreign, undertaking transport risks in Italy. If the foreign societies are more numerous, the national do a larger business. They, in fact, collected premiums in 1912 to the amount of 8,136,396 frs. and the foreign societies only collected 5,015,098 frs.

Besides this, the national societies assured 1,589,267,604 frs., and the foreign societies, 1,526,673,288 frs. The former paid claims to the amount of 6,384,263 frs., and the latter to the amount of 4,259,762 frs. The proportion of claims to premiums is, therefore, 78.47 % in the case of the national and 84.94 % in that of the foreign societies.

The proportion of the working expenses and commissions to the premiums and accessory amounts for 1912 was less in the case of the national than in that of the foreign societies.

In this branch of insurance the foreign societies have made considerable progress and they are now formidable rivals of the national societies; in fact the official statistical tables show that while in 1903 only a third part of the capital assured was assured by the foreign societies, in 1912 almost half was assured by them, so that the business of the national societies was considerably reduced.

If this goes on, it is probable that the foreign societies may end by gaining the first place, hitherto held by the national societies.

§ 7. INSURANCE OF OTHER RISKS.

The branches of Insurance above considered are those that have acquired the most considerable importance. But we must also give a cursory glance at the work of other branches, some of which have been long undertaken (livestock, marine etc.), while others are of later or recent introduction (insurance against losses through strikes, water, criminal injury to plants, etc.).

In regard to agricultural livestock and fire insurance etc., we may note a tendency to a rapid multiplication of institutes of co-operative or mutual form, working only in the commune in which they have their headquarters, for the most part not legally constituted, in regard to which the official statistical reports supply no information. They undoubtedly render great services to agriculture.

In regard to the other branches of insurance to which we have referred, the latest information we have is as follows:

(a) *Liability*. — The risks were undertaken in 1912 by 5 societies, two of them Italian, one being a limited liability society and the other a mutual society. They collected premiums for the total amount of 329,150 frs. and paid claims to the amount of 150,294 frs.

The little progress made by this branch is perhaps to be explained by the fact that the risks are most frequently undertaken also by the accident insurance societies.

(b) *Sickness*. — Sickness insurance societies have even made less progress, perhaps because their work is better done by mutual aid societies, working among special classes of persons who run the same risk of sickness on account of the professions they follow. In 1912, only three societies, in fact, undertook sickness risks. Of these two were national (one a limited liability society, the other a mutual society). The three societies collected 82,577 frs. in premiums and paid 33,820 frs. in claims.

(c) *Livestock*. — Small also is the number of large societies insuring against sickness and death of livestock, as these risks in Italy, as in almost all countries, are more frequently undertaken by small local mutual societies (1). In 1912, in fact, only 8 national societies (2 limited liability, 5 mutual and 1 co-operative) undertook these risks in the Kingdom, for the most part confining themselves to special classes of livestock. They collected 327,356 frs. in premiums and 6,508 frs. in accessory amounts; the proportion of this total amount of 333,864 frs. to that of the 25,288,784 frs. assured, being 1.32 %.

The claims paid amounted to 279,047 frs. and thus, while they are 1.10 % of the assured capital, they are 83.58 % of the premiums.

(d) *Losses through water and criminal injury to plants*. — In 1912 only one French society undertook water risks, collecting 1,885 frs. in premiums and accessory amounts, while it had only claims of the amount of 126 frs. to pay, that is 6 % of the amounts collected. The amount assured was 170,500 frs., so that the premiums were 1.10 % and the claims 0.07 % of the amount assured.

Insurance against losses through criminal injury to plants is a form of insurance that thrives in those rural regions where revenge frequently takes the form of injury to fruit trees. Two national co-operative (2) societies undertook these risks in 1912. The premiums and accessory amounts collected by them came to 7,440 frs., as against 43,348,000 frs. of capital assured, so that the average premium was 0.02 %. The claims amounted to 1,600 frs.

(e) *Losses through Strikes*. — The very new branch of insurance of landowners and employers against strikes was undertaken by two

(1) In 1912 the local livestock insurance societies authorized in accordance with the general provisions of the Commercial Code were 23, of which 4 were mutual and 19 co-operative. Those authorized in accordance with law 526 of July 7th., 1907, were 31.

(2) Two other small co-operative societies exist, each confining its action to the commune in which it has its headquarters.

national mutual societies, one insuring against agricultural and the other against industrial strikes.

The total amount assured was 23,099,150 frs., and the premiums and accessory amounts collected being 227,232 frs., the average premium was 0.98 % of the capital assured.

The claims for the year amounted to 238,713 frs., or 1.03 % of the amount assured and 105.05 % of the premiums and accessory amounts collected.

Leaving out of consideration the other branches of insurance less closely related to agriculture, we shall, finally, consider the insurance business transacted in Italy as a whole.

§ 8. THE TOTAL BUSINESS OF THE INSURANCE SOCIETIES IN ITALY IN THE TEN YEARS 1903-1912.

In terminating our report, in order to show the importance of the insurance societies for the national economy and the progress made by them in Italy in ten years, we shall point out that the total of the premiums and accessory amounts collected in 1912, in the branch of *life insurance*, was 71,018,808 frs. (29,484,497 frs. collected by national and 41,534,311 frs. by foreign societies), as against 42,696,261 frs. in 1903; and in the case of *property insurance* it was 142,686,556 frs. (in the national societies, 98,861,110 frs. and in the foreign societies, 43,825,446 frs.), as against 70,094,250 frs. in 1903.

In the ten years, therefore, the premiums collected in the various branches of insurance almost doubled themselves, with an increase of more than 100,000,000 frs.; more than two thirds of which was realised in the national societies.

In addition, the total amount assured in 1912 by the life societies was 1,796,406,747 frs. (for pensions 7,263,346 frs.), of which 734,937,993 frs. (5,864,008 frs. pensions) was assured by the national and 1,061,468,754 frs. (1,399,338 frs. pensions) by the foreign societies. In 1903, on the other hand, the total amount assured by the life societies was 1,069,236,318 frs. (4,517,453 frs. pensions), 397,046,426 frs. (3,689,441 frs. pensions) by the national and 672,189,892 frs. (828,012 frs. pensions) by the foreign societies.

In the societies insuring property, the total amounts assured increased from 35,074,471,070 frs. (national societies, 19,276,590,232 frs.; foreign societies, 15,797,880,838 frs.) in 1903, to 52,342,092,172 frs. (national societies, 28,171,443,195 frs.; foreign societies, 24,170,648,977 frs.) in 1912.

There was thus in the ten years a considerable increase in the amount assured.

Finally, the amounts paid in claims and on maturity in 1912 came altogether to 117,000,000 frs., 81,000,000 frs. in the societies insuring property and 36,000,000 frs. in the life societies. Of these 117,000,000 frs., 73,000,000 frs. were paid by national and 44,000,000 frs. by foreign societies.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO INSURANCE AND THRIFT.

GERMANY.

HAGEN (OTTO, KAMMERGERICHTSTRAT) : DIE NEUEN HAGELVERSICHERUNGS BEDINGUNGEN (*New Hail Insurance Conditions*). "Zeitschrift für die gesamte Versicherungswissenschaft". Berlin. Vol. XIV. No. 1. pp. 81-96 and number 2, pp. 204-214.

The law of May 30th., 1908 on insurance contract, which came into force on January 1st., 1910, only establishes, when all is said, the general basis of German law in regard to private insurance, leaving the insurance institutes power to regulate the details of their conditions, which have had to be considerably amended in order to be brought into conformity with this law. These insurance conditions, thus, acquire quite special importance in the field of law: although in themselves they are only agreements of purely private character, they have been transformed into an effective and very important source of law.

In the field of hail insurance, uniform insurance conditions were authorized on April 14th., 1909 for institutions for this insurance belonging to the Federation of German Hail Insurance Societies limited by Shares (*Verband der deutschen Hagelversicherungs-Aktiengesellschaften*). In the same way, a large number of mutual hail insurance societies have established general insurance conditions. The two groups, of societies limited by shares and mutual societies, before presenting their insurance conditions for authorization, came to an agreement in regard to the most important points.

The new hail insurance conditions are grouped together and examined systematically in the above article and compared with the other legal provisions regulating the insurance contract.

JOSEF (Dr. jur. EUGÈNE) : BESITZWECHSEL BEI DER HAGELVERSICHERUNG UND DIE VERSICHERUNGSPFLICHT DES PÄCHTERS (*Change of Possession in regard to Hail Insurance and the Obligation of Tenant Farmers to Insure*). "Zeitschrift für die gesamte Versicherungswissenschaft." Berlin, Vol. XIV. No. V. pp. 687-694. 1914.

Paragraph 114 of the law on insurance contract lays it down that the insuring institute, in case of the sale of produce insured against hail, can

only denounce contract for the end of the period fixed for the insurance, whilst the purchaser may immediately denounce contract. The author of the study before us considers in detail the cases in which this denunciation may take effect and comes to the conclusion that, practically, it can only do so when the produce is sold as inseparable from the land. In addition, the author, enquires if the lessor, insured against hail, may, in the same way as when insured against fire, claim compensation if the lessee has engaged with him to insure himself. He decides that such an engagement does not imply any intention of constituting a right of the lessor and consequently only the lessee has a claim, that is to say only the person to whom the produce belongs.

KIRCHMANN (Dr. jur. KARL) : *TLGUNGSVERSICHERUNG.* (*Insurance for the Extinction of Debts on Land*). "Zeitschrift für die Versicherungswissenschaft", Berlin. July 1st., 1914. pp. 492-554.

It has been possible to free landed property from debt, by means of regular gradual repayment, in instalments, in accordance with a fixed plan. But, to ensure repayment, even in case of the premature death of the debtor, it is well to combine life insurance with this method of repayment in instalments. The combination may be made in different ways. For example, since the institution in late years of life insurance in the Prussian *Landschaften* and other land credit institutions of public utility in Germany (Bulletin of Economic and Social Intelligence, December 1913, pp. 77 et seqq.), the instalments for repayment of the debt may be utilised for payment of the insurance premiums. The debt, thus converted into one not to be extinguished in instalments, is repaid by means of the amount insured on the life. In this case, the contract is made for a definite amount assured to be paid at death.

The regular repayment in instalments may also be allowed to continue and at the same time an insurance may be arranged to cover the amount still due at the death of the policy holder. The author calls this form of insurance "Insurance for Extinction of Debt" (*Tilgungsversicherung*), in contradistinction to the other type of insurance previously mentioned, which he calls "Mortgage Life Insurance", (*Hypothekarlebensversicherung*). He thoroughly studies all the machinery from the point of view of the technique of insurance and exposes its economic advantages and defects.

As this is a problem which is of very great importance for many countries, we think it well to draw the attention of all our readers to the above article.

GREAT BRITAIN AND IRELAND.

CO-OPERATIVE COW INSURANCE SOCIETIES IN ENGLAND AND WALES. "Journal of the Board of Agriculture". London, No. 10, January 1915, pages 945 to 948.

In this short article are condensed the results of a general inquiry, undertaken at the instance of the Board of Agriculture, into the co-operative insurance of cows in England and Wales. It appears that there are at least 157 societies for this purpose, and a few leading statistics have been obtained for 116 of them. These contained 4,387 members and insured 10,955 cows and calves. The great majority of the members are obviously small farmers, insuring only one, two or three animals apiece. The total assets amounted to £ 11,512, or more than £ 1 per animal insured, and as the amount of compensation paid on animals that died averaged less than 5 s. per animal insured per annum, the majority of the societies are evidently in a sound financial position.

For the small number of the societies which are registered and are, therefore, obliged to furnish annual returns, full statistics are given for the years 1911, 1912 and 1913. For the unregistered societies it was necessary to collect the statistics specially and they are inevitably much less complete, although for 1913 statistics were obtained from 89 unregistered societies. Comparing the two classes of society there seems reason to believe that the registered societies are, on the whole, better and more economically managed than the unregistered ones.

We hope in an early issue of the *Bulletin* to publish an article on the co-operative insurance of cattle in England and Wales, availing ourselves of the information contained in the article under notice and of the numerous detailed studies of particular societies previously published in the "Journal of the Board of Agriculture."

Part III: Credit

GREAT BRITAIN AND IRELAND.

THE SOURCES OF RURAL CREDIT IN IRELAND.

SOURCES (OFFICIAL):

REPORT OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURAL CREDIT IN IRELAND. Department of Agriculture and Technical Instruction for Ireland. Dublin, 1914. A. Thom and Co., Ltd.

MINUTES OF EVIDENCE, APPENDICES AND INDEX: DEPARTMENTAL COMMITTEE ON AGRICULTURAL CREDIT IN IRELAND. Department of Agriculture and Technical Instruction. Dublin, 1914. A. Thom and Co., Ltd.

In January 1912, the Vice-President of the Department of Agriculture and Technical Instruction for Ireland appointed a Committee "to inquire into the existing system of credit for the rural classes in Ireland; to suggest what, if any, improvements, not involving financial assistance from the Exchequer, should be made in the system; and to consider especially the form of agricultural credit most suitable to the requirements of the occupiers of land affected by the Land Acts in the Western districts and throughout the country generally."

As pointed out by the Committee, the fact that in Ireland, through the operation of the various Land Purchase Acts, an elaborate and highly successful machinery for the transfer of the land to tenant-purchasers has been for some time in existence, under the control of the Irish Land Commission and the Estates Commissioners (1), rendered

(1) See the articles on the work of the Land Commission and the Estates Commissioners in the *Bulletin* of October 1911, June 1913 and January 1914.

it unnecessary to include in the Terms of Reference that branch of rural credit which deals with State advances to farmers for the acquisition of their holdings. This consideration, the Committee point out, strikingly differentiates the case of Ireland from that of countries where the difficult and fundamental question of funds for land purchase necessarily occupies a prominent place. With this important exception the Committee made a careful and exhaustive study of the various sources from which the rural classes obtain credit, and their Report contains abundant information, much of which could with difficulty be obtained elsewhere.

The Report, we note, has received high praise in official and other publications of various countries; it undoubtedly represents the result of one of the most thorough investigations yet made into the financial position and resources of the farming classes of any country.

We shall give *seriatim* a brief resumé of the results of the Committee's inquiry regarding the various sources of credit, together with their conclusions and recommendations.

§ I. JOINT STOCK BANKS.

First amongst the sources considered by the Committee are the Joint Stock Banks, which have attained to a remarkable development in Ireland, as in England and Scotland.

The first Irish joint stock bank, the Bank of Ireland, was founded in 1783, by an Act of the Irish Parliament which prohibited any other company of more than six persons from issuing notes payable on demand or within any period less than six months. In 1821, however, the formation of other banking companies was authorised outside a radius of fifty Irish miles from Dublin and this restriction was finally removed in 1845.

The number of banking companies formed has not been large, but the numerous branches and sub-branches of the existing nine joint stock banks form an extensive banking system, which appears to be still in process of rapid development. In 1850 the number of offices open was 174. During the next ten years the number increased slowly, only reaching 180 in 1860. The following decade the increase became rapid and sub-branches and agencies began to be opened. In 1870 there were 285 branches and 19 sub-branches and agencies. The total number of branches, sub-branches and agencies increased to 479 in 1880; 569 in 1890; 661 in 1900 and 809 in 1910. It had further increased, according to the latest available figures, to 853 in April 1913.

A map attached to the Report shows how wonderfully the branches of joint stock banks are distributed throughout Ireland, but the Committee notes that there are, nevertheless, many considerable tracts of country, some of them fairly well populated, where no branch yet exists. It is not at all unusual for farmers to have to make a journey of ten to fifteen

miles to the nearest bank. Moreover, 38 per cent of the branches are open only on market or fair days.

The number of inhabitants per banking office in Ireland was 5,220 and the number of square miles per office 38.5, but as very frequently there are several offices in the same town these figures do not afford any precise indication of the distribution of banking facilities.

A remarkable fact in connection with the joint stock banks is the rapid increase in recent years of the total deposits and cash balances. The following table shows the increase since 1840:

TABLE I. --- *Deposits and Cash Balances in Irish Banks.*

Year	Amount of Deposits and Cash Balances on 31st December.
	£
1840	5,568,000
1850	8,269,000
1860	15,609,000
1870	24,366,000
1880	29,746,000
1890	33,325,000
1900	43,280,000
1910	54,936,000
1912	57,651,000
1913	62,142,000

The Committee is cautious in its interpretation of these figures. In the absence of any complete figures relating to indebtedness, they do not furnish any measure of the growth of net savings, but taken in conjunction with the steady increase in the Post-Office Savings Bank deposits (which we shall have occasion to note presently), they are, in the opinion of the Committee, an indication of the growing economic prosperity of the country.

A considerable proportion of the money deposited in joint stock banks is used by borrowers for productive purposes, either in industry, commerce, or agriculture, but the Committee was unable to ascertain what proportion of this capital is utilised outside Ireland by the Irish banks. The sums on deposit in the Post Office Savings Bank are all transferred to England for investment in Government securities, and would furnish ample funds for supplying the credit required in rural districts if they could be diverted to this object.

In spite of their extensive distribution and their willingness, as far as the nature of their business will permit, to adapt themselves to the requirements of the farmers, the joint stock banks do not seem to be able to satisfy the needs of the small farmer, nor, indeed, of the agricultural industry generally.

Loans for three or four months are readily granted at reasonable rates of interest, provided the borrower can find satisfactory sureties, and, in approved cases, the loans are renewed. The expense and loss of time to both borrower and sureties in obtaining the loan and the repetition of these expenses every time the loans are renewed, make the system costly to the borrower, especially in the case of loans of small amount.

To the large farmer, the system appears to be fairly satisfactory, but, in regard to the small and medium farmers, the evidence conclusively showed that the present methods of obtaining small loans from Joint Stock Banks were unduly expensive to the borrower, even though the actual rate of interest charged were moderate.

It is not always easy for the small farmer to obtain sureties satisfactory to the Joint Stock Bank, and, when sureties have been obtained, expenses are incurred in taking them to the nearest town where there is a banking office and in entertaining them. These additional expenses, it is estimated, often bring the cost of a small loan up to 15 or 20 per cent. Nor does the expense end here; in many cases a surety will exact some benefit in return for his loss of time—a day's work, the grazing of an animal, the loan of a horse, or some similar service. The borrower becomes, in fact, under an obligation to a neighbour, and this is a source of further expense to him.

Another reason why, in the opinion of the Committee, the credit offered by the joint stock banks is not fully adapted to the needs of small farmers is that no account is, as a rule, taken of the purpose for which the loan is granted, and thus injury is frequently done to borrowers where credit is supplied without due safeguards for its proper use.

§ 2. POST OFFICE AND TRUSTEE SAVINGS BANKS.

There are, in Ireland, two classes of savings banks, the Post Office Savings Bank and the Trustee Savings Banks, but, unlike the savings banks in many other countries, they do not serve as sources of credit. The large deposits which they have attracted indicate, however, that, even in the rural districts, there is no real lack of capital for supplying the credit required, if only it could be directed into the proper channels.

The trustee savings banks, the characteristic feature of which is that the money deposited is invested (subject to many restrictions imposed by successive Acts of Parliament) by a group of persons acting as trustees, were first formed early in the last century and the total amount of deposits, which had reached £ 2,177,000 in 1840, have not shown any great

tendency to expand. At times, indeed, they have fallen considerably below this figure, but in 1913 they amounted to £2,612,000.

The funds deposited in the Post Office Savings Bank, which was first established in 1861, have increased with quite remarkable rapidity. Amounting to £1,556,000 in 1880, they increased to £3,273,000 in 1890; £8,059,000 in 1900; and £11,931,000 in 1910. In the two following years the increase continued to be very rapid. In 1912 the deposits amounted to £12,824,000 and reached £13,167,000 in 1913. That a very large proportion of this sum is drawn from rural districts is clearly shown by the returns for each post office. In many districts, quite remote from urban and manufacturing centres, the deposits amount to many thousands of pounds. The Committee expresses the opinion that grave economic injury is done to Irish rural districts by the withdrawal of these sums for investment in Government securities, and points out that if even a tenth of the money could be retained in the country for lending to small and medium farmers and labourers for reproductive purposes, enormous assistance would thereby be rendered to the economic progress of Ireland.

§ 3. MONEY LENDERS.

Evidence obtained by the Committee showed that it was not only the reckless and spendthrift borrower who had recourse to the professional usurer; but that many small and medium farmers, finding themselves in temporary financial difficulties and wishing to conceal their position, also obtained money in this way.

A proof that a large business is done in Ireland by money-lenders is found in the fact that their advertisements in the newspapers circulating in rural districts are very numerous. The advertisements rarely indicate the rate of interest charged. If they do give any such information, it is usually a mere indication of the terms of repayment, such as "Loans of £5, repayable weekly 2s. or monthly 8s.," which affords no clue to the actual cost of the loan. Occasionally it is stated that the interest charged is "5 per cent.," but this may mean 5 per cent. per month or even per week. The charging of a special fee for inquiry often further increases the cost of the loan.

Legislation has, it is true, been passed with a view to preventing money lenders from charging excessive interest, but it has proved ineffectual owing to the unwillingness of borrowers to face the publicity of a law-court. The Committee are of opinion that further legislation is desirable in order to curb the activity of the money-lender, but do not think it would be practicable to fix a maximum rate of interest. Nor are they sanguine that usury will be much diminished until a wide-spread system of credit, suitable to the needs of the small rural borrower, ~~has been~~ established in Ireland.

The Chief Registrar in Bankruptcy in Ireland, who had exceptional opportunities of acquiring knowledge of the facts, declared in his evidence before a Select Committee in the year 1898 that usurious transactions in Ireland were increasing largely. The statement is borne out by the increase in the number of money-lenders registered in Ireland under the Money-lending Act of 1900. Under this Act a money-lender's licence must be renewed every three years from the date of registration and in each third year since 1906 there has been a marked increase in the number registered. Thus the number registered in 1906 was 67; in 1909 it was 77 and in 1912 it was 118.

It was suggested that one reason for the increase of usurious transactions was that, under the Land Purchase Acts, the farmers are acquiring a greater negotiable interest in their land, and so are becoming more promising customers for money-lenders; but, on the other hand, there is evidence that, in some districts at any rate, the new tenant purchasers have shown extreme caution in borrowing upon the security of their holdings. The Committee, therefore, think that no safe generalisation can be arrived at as to the precise influence of land-purchase in Ireland upon the relations of farmers with money-lenders. They express the opinion, however, that, at the present time, when the soil of Ireland is passing on a vast scale into the hands of peasant proprietors, special precautions should be taken to prevent the farmers from becoming the victims of the wiles of professional usurers.

§ 4. "TRUST" OR "CREDIT" AUCTIONS.

An ingenious, but most injurious, form of money-lending has been devised in Ireland in connection with the sale by auction of cattle or standing crops. It is known as the "trust" or "credit" auction.

There are many variations of the trust auction, but the most harmful type is thus described in the Report: "A farmer in need, say, of £10 ready cash, with little prospect of obtaining the same from a bank or a friendly neighbour, brings in one of his cows to the auction. The animal is put up for sale, and is bought by a friend (often by a son or brother) of the seller. In many cases the friends of the latter, by their bidding, run the price up to a much higher figure than the animal is worth. A bill at three, four or six months, signed by one or two sureties, is given by the purchaser to the auctioneer, who usually discounts it in a joint stock bank, and pays cash, less the discount, to the seller, charging also the usual 5 per cent. auction fees. The seller of the cow then brings home the money, the obtaining of which was his sole object in going to the auction, while the nominal purchaser drives the cow back to the field or byre from which she came. The proceeds of the transaction are in some cases divided between the parties."

A witness told the Committee of a case where a farmer raised £10 on a cow by selling her to his son at an auction. The next day the same cow was sold by the son and bought by the father, so that £20 was raised on the one animal in two days. Other animals have been known to bring in £70 or £80 to the owner in a short space of time, being taken about from auction to auction.

Obviously the system can only lead to disastrous results. When the auctioneer's bill becomes due, it has to be met, and the farmer who obtains money through the trust auction rarely applies it to productive purposes. Even if he had done so, the time is too short for the investment to have brought in a return. To meet the bill, the performance is again gone through with a more valuable animal, and the farmer becomes more deeply involved in debt.

The cases in which the sale is a fictitious one are not, however, a large proportion of the trust auction sales which take place. Cases are frequent in which a needy farmer will buy an animal at an auction, giving a bill for the money and selling the animal the next day at another. Often he will sell the animal for less than the price he paid for it and thus to obtain (say) £8 he has given a bill for £10. A curious result of this system is that at trust auctions higher prices are obtainable for animals than at ordinary fairs where, as a rule, transactions are upon a cash basis. The purchasers on credit do not consider closely the value of the animals they buy, so that inferior animals are freely bought at trust auctions which would be scarcely saleable at ordinary fairs.

The "trust auction" originated in County Donegal and is practised chiefly in the Northern Counties. There is evidence, however, that it is spreading to other parts of Ireland and even to Scotland.

The Committee noted that, whereas it is chiefly the pecuniarily embarrassed farmers who resort to trust auctions, even industrious and deserving farmers are frequently found at such auctions. "In our opinion," says the Report, "one of the most convincing proofs that existing credit facilities do not fully meet the special requirements of the smaller farmers of Ireland is the fact that so many honest and creditworthy men find it necessary to fall back upon money-lenders and trust auctions as a source of capital in their times of difficulty."

. § 5. CREDIT ADVANCED TO FARMERS BY SHOPKEEPERS.

While the credit advanced to farmers by shopkeepers still plays a large part in the rural economy of many districts in Ireland the evils attendant upon this form of credit have largely diminished in recent years. Formerly a type of local money-lender, known as a "gombeen man," was not uncommon, whose practice it was to advance money at high rates of interest and so cripple the necessitous farmers with indebtedness that they become almost helpless victims in his hands. The "gombeen man"

was often a shopkeeper and his debtors were unable to transfer their custom to another shop, through fear of being prosecuted for the amount due by them.

This type of money-lending shopkeeper has, happily, largely disappeared, owing to the greater facilities offered by the joint stock banks, the opening of competing shops and, in some districts, the starting of co-operative credit societies.

Nevertheless the system of giving credit to farmers for considerable periods in respect of purchases of agricultural or household requirements still continues. In itself an economic necessity, the system becomes injurious when over-indebtedness results and the farmer finds himself restricted to purchasing his requirements from a single source. The evil effects are increased in some districts by the fact that the shopkeepers purchase much of the farmers' produce, entering the price as part-payment of the debt, and often giving prices lower than the real value of the produce.

The evidence before the Committee showed that indebtedness to shopkeepers was increasing in some districts and decreasing in others, but it is thought that with the improving material condition of the new tenant-purchasers and their greater sense of the value of economic independence, it will, on the whole, steadily diminish. At present, however, it is undoubtedly excessive.

Somewhat similar to the credit given by shopkeepers is that given by co-operative agricultural societies. The society obtains an overdraft from a joint stock bank and buys seeds, manures, etc., for cash, taking advantage of the cash discount offered by the wholesale firms. The members amongst whom the requirements purchased are distributed are given credit until the autumn.

This form of credit, in the opinion of the Committee, is highly desirable and must often prove a boon to small farmers. Less beneficial, however, are the loans sometimes advanced by co-operative creameries to their members, which are repaid by means of the milk supplied; in many cases the results of this form of credit are far from beneficial.

§ 6. THE LOAN FUND BOARD SYSTEM.

The Report deals at considerable length with the so-called Loan Fund Board system in Ireland. This system was described in outline in the *Bulletin of Economic and Social Intelligence* of January, 1912, but a study of the defects and failures of the system throws so much light on many of the problems of rural credit that we shall extract from the Report a somewhat fuller account.

As early as the eighteenth century, various associations of benevolent persons were formed with a view to making small loans of money to the poor classes to enable them to purchase implements of trade. These,

which became known as "Loan Fund Societies," were chiefly intended to assist town workers rather than agriculturists.

Towards the beginning of the 19th. century, various associations were formed in London with a view to improving the condition of the Irish peasantry. Loans were advanced through the medium of local committees in Ireland. A severe famine occurred in Ireland in 1822 and a sum of £331,081 was subscribed for the relief of distress. After the immediate distress had been relieved a sum of £40,000 remained in the hands of the Committee in which the fund was vested. Some of the local Relief Committees were also left with a surplus, and a total fund of £55,000 was found to be available. Under Acts of Parliament passed in 1823 and 1829 this fund was vested in County Boards of Trustees in ten Irish counties, which issued loans through the medium of local associations. To distinguish them from the existing "loan fund societies," these new associations were called "The Irish Reproductive Loan Funds."

The County Boards were subject to the control of a Board of Directors in London which, in 1844, obtained a Charter of Incorporation. Very quickly, however, laxity and even dishonesty was found to be prevalent in the working of the local associations and in 1848 (the year following that of the very severe famine of 1847) the London Board of Directors was dissolved by Act of Parliament and the money in hands was placed at the disposal of the Lord Lieutenant for application to such useful purposes as he might think proper, subject to the sanction of the Treasury. The fund was chiefly used for the encouragement of fisheries and is now vested partly in the Congested Districts Board and partly in the Department of Agriculture and Technical Instruction.

In the year 1823 special legislation was passed to encourage the formation of "Charitable Loan Societies." Any number of persons desiring to form such a society were authorised to do so. The societies were not allowed to make loans of more than £10 to any individual within twelve months, but they might make loans up to £100, repayable with interest in 12 months, to groups of three or more solvent persons, on their joint and several security. Implements of trade supplied by a society could not be distrained upon except at the suit of the society itself.

The Trustees or Managers of charitable loan societies were not allowed to receive any remuneration, but the clerks employed could receive salaries and expenses. This quickly gave rise to abuses. Members of the families of directors were in some instances largely remunerated and a very wide interpretation was placed on the expression "all necessary expenses." Accordingly in 1836 an Act was passed by which a central board of commissioners, entitled the "Loan Fund Board," was appointed to supervise the working of the societies.

The same Act prohibited the making of any loan on personal security to any individual at any one time exceeding £10 in amount, and the making of another loan until the previous one had been repaid. It authorised the societies to charge interest at a rate not exceeding 6d. in the pound for 20 weeks, and to require the payment of the interest in advance. The

Trustees of a society were empowered to devote surplus profits to local charitable purposes. In certain events, such as the dissolution of the society, the approval of the Loan Fund Board was required for the appropriation of the profits.

Two years later, in 1838, a further Act was passed, which withdrew the Irish Reproductive Loan Fund Societies from the control of the Loan Fund Board. According to the Report for 1842 of the Loan Fund Board there were in that year about 100 societies exempt from their control and about 30 other societies at work which illegally claimed to be exempt.

Abuses again began to be apparent in the working of the societies and a further Act was passed in 1843. It authorised a rate of *discount* on loans not exceeding 4d. in the pound for 20 weeks, a considerable reduction of the rate authorised by the Act of 1836. It also empowered the Loan Fund Board to permit societies to lend funds at *interest* not exceeding 1½d. per pound per month, repayable by instalments at intervals of not less than 27 days.

The number of loan fund societies reached its maximum (300) in 1842, but the capital and circulation reached their highest figures in 1845, although the number of societies had fallen to 245. In that year the capital was £444,427, and 507,339 loans were granted to a total amount of £1,857,457. The great famine of 1847 brought about a heavy decline in the business of the societies, the number of loans in that year being almost 240,000 less than in 1845, and their total amount £906,750 less. The decline was due in the main to the withdrawal of deposits. Confidence in societies issuing loans to the humbler classes in Ireland was shaken by an economic disaster which brought numbers belonging to those classes to absolute starvation. Many persons, too, who had deposited their savings with the loan fund societies withdrew them for the purpose of emigrating. Many societies failed in 1847 on account of the inability of the peasants to meet their engagements, and others owing to the embezzlements of fraudulent clerks who accounted for the missing money by pretending that the borrowers had died, emigrated to America or gone to the poor house without repaying their loans.

Other causes besides the famine contributed to the decline. The Loan Fund Board was endeavouring to close the societies of doubtful character; while the bad management of some of the societies and the operations of uncertified societies were already tending to bring the system into disrepute.

A Committee of the House of Commons was appointed in 1855 to inquire into the working of the loan fund system, and the evidence showed that grave abuses were prevalent. The expenses of management were unduly heavy and in order to make good the losses which would otherwise have occurred, the societies had recourse to illegitimate sources of revenue. They levied excessive fines for delay in the repayment of instalments, and made heavy charges for cards and papers. These charges

enormously increased the expense of the loan to the borrower, bringing it often up to 20 or 25 per cent.

The House of Commons Committee of 1855 ascertained that there was a general, though wholly erroneous, impression that deposits in a loan fund society were guaranteed by the Government, and it appears from evidence given before the Departmental Committee on Agricultural Credit that this misapprehension is still prevalent.

In their Report, the Committee of 1855 drew attention to the inadequacy of the powers of the Loan Fund Board; urged the necessity of frequent and efficient inspections; recommended that steps should be taken to prevent the levying of excessive fines; that surplus profits should be carried to a reserve fund; and that after a sufficient reserve had been created, the interest charged to borrowers should be lowered to an amount sufficient merely to pay expenses. Unfortunately no direct action was taken as a result of the Report.

The operations of the societies continued to decline, but in 1874 the loans granted amounted to the still fairly large sum of £523,048. In 1896 a Committee of Inquiry was appointed and presented a report which showed that abuses and defects not only existed but were very general amongst the societies.

The Committee of Inquiry found that

- (a) An almost universal overlapping of districts existed.
- (b) The management was usually left in the hands of the clerks, without adequate supervision by the committees.
- (c) The maximum salaries allowed by the rules were usually paid to the clerks, the average being £96 10s. per annum, although this was usually excessive having regard to the duties performed, and the same persons frequently acted as clerk to several societies, with salaries totalling from £200 to £600 per annum.
- (d) Excessive rent was often paid for office accommodation, especially when the clerk of the society was landlord, and treasurers frequently received remuneration under the heading of "incidental expenses."
- (e) The majority of the societies had become merely private money-lending offices, charging the maximum rate of discount to borrowers and making loans indiscriminately without regard to the character of the borrowers.
- (f) Fines had everywhere been made a source of revenue and were everywhere calculated on the maximum scale.
- (g) Renewals of loans had been the practice in the majority of the societies and, with the infliction of fines, often caused the rate of interest paid by borrowers to exceed 20 per cent. per annum, not including the expenses of bringing in sureties, etc.
- (h) The needs of agricultural borrowers were not met by loans repayable in weekly or monthly instalments, since such borrowers could not obtain a return from the expenditure of the loan until the end of seven or eight months.

The most serious abuse discovered was the practice of giving renewals. It was ascertained that thousands of poor people had been kept permanently in debt at a high rate of charge for long periods—ten, twenty and even forty years—long after the loans had ceased to be of productive utility to the borrowers. The Committee of Inquiry recommended that a clear interval of at least one week should elapse between the payment of the final instalment of one loan and the issue of another to the same individual.

The Report of the Committee of Inquiry further shook public confidence in the loan fund system, and the number of societies declined from 102 in 1897 to 82 in 1898, with successive declines in subsequent years, until it now stands at 51. The amount of loans granted similarly declined from £341,464 in 1897 to £190,846 in 1912. It should be noted, however, that it was about 1896 that co-operative credit societies began to be formed, and that the number of branches of joint stock banks has greatly increased since that year. This increase in credit facilities has further contributed to the decline of the loan fund system.

Another cause which helped to reduce the operations of the loan fund societies was a legal decision given in 1896 that renewals of notes purporting to be given under the Loan Fund Act could not be sued under that Act. The difficulty of recovering the arrears of money due in respect of renewed loans was removed by Acts of Parliament passed in 1900 and 1906, but in the meantime many societies were dissolved and the business of others was reduced by the withdrawal of deposits.

In 1912 a Viceregal Committee was appointed to inquire into the financial position of the Loan Fund Board, but reported that the time had come to determine whether the Board could continue to exist, circumstances having changed since it was established in 1843.

The Departmental Committee on Agricultural Credit has, by special desire of the Irish Government, inquired into the Loan Fund System with a view to ascertaining how far it is adapted to the requirements of the agricultural classes, and from this point of view expresses the opinion that it is essentially defective.

One of the principal defects lies in the constitution of the loan fund Societies, more especially in the arrangements for the appointment of Committees. The number of members is usually small, and though the election of the committee nominally takes place at an annual meeting, it is practically a process of co-option. The committees are, very frequently, apathetic in the performance of their duties, and leave too much responsibility to the clerks.

The system of weekly repayments is quite unsuitable for the purposes of agricultural credit. It was originally devised for industrial loans, but the majority of the borrowers have long been agriculturists. Thus in 1911, no less than 61 per cent. of the borrowers were farmers. Nor is the system of monthly repayments much better adapted to the requirements of agricultural borrowers, especially as the practice has been to limit the period of the loan to five months, though a more extended period would have been permissible under the Act of 1843.

The rates of interest charged on the loans, are unduly high. The following are some of the more usual rates charged by loan fund societies:

TABLE II. — *Rates of Interest Charged by Loan Fund Societies.*

Charges made	Rate of Interest per £100 per annum
	£ s. d.
(a) Discount of 4d. on loan of £1 for 20 weeks, repayable in weekly instalments	8 5 6
(b) Interest at 1 1/2d. per £1 per lunar month (28 days)	8 2 11
(c) Discount of 4d. on loan of £1 for 20 weeks, repayable in (lunar) monthly instalments	7 4 10
(d) Discount of 6d. on loan £1 per 20 weeks, repayable in (lunar) monthly instalments	10 17 2
(e) Discount of 7 1/2d. on loan of £1 for 20 weeks, repayable in (lunar) monthly instalments	13 11 7

As has been already noted, the cost of the loans to the borrowers is frequently increased by the imposition of fines for tardiness in repayment.

Many witnesses advocated the increase of the maximum amount of a loan from £10 to £20 or £30, and the Committee recommend that, in any legislation dealing with loan fund societies they should, in this respect, be assimilated to the agricultural credit societies, which are empowered to grant loans up to £50 in amount.

The evil of excessive salaries was found to be still prevalent, though the average per society had fallen from £96 10s. in 1896 to £74 in 1912. Cases were noted where the salaries paid amounted to 10.1, 10.5, 11.5 and 18.8 per cent of the working capital. One society, with a capital of £3,409, of which only £1,709 was actually in circulation on December 31st., 1912, pays annually £245 to four officials, although the number of loans issued average only 22 per week, or 3 per day.

Nor are the salaries the only expenses of management, so that in many cases the total expenses are far beyond what is required, and even though much of the capital, being original subscriptions or unappropriated profits, is held free of interest, and high rates of interest are charged on the loans, losses result in the year's working.

In the year 1912, there were 51 societies still in existence, and their aggregate working capital at the end of that year amounted to £79,779, of which £56,001 was held free of interest.

"The capital thus held entirely free of interest by forty-nine of the fifty one loan fund societies," says the Report, "is almost precisely the same in amount as the total capital, £56,554 (including deposits,

State advances, and bank overdrafts), held by over 170 credit societies in Ireland in December, 1911, at from $3\frac{1}{2}$ to 5 per cent. In spite of holding such a large amount with no cost for interest, the loan fund societies usually lend it out at the rate of from 7 to 8 per cent, and in some cases at 10 and even 13 per cent; while the credit societies though borrowing at from $3\frac{1}{2}$ to 5 per cent, usually charge borrowers only 5 or 6 per cent. The contrast is, to say the least, very striking: and is all the more suggestive when we find such cases as that of the Antrim Society which with £4,057 in free capital, finds a demand for only a little over £1,000 (at 7 per cent interest) and keeps £3,000 locked up in Government securities, or the Londonderry Society, which with £3,409 in free capital, similarly finds a demand for only one half this amount at from 8 to 11 per cent per annum... In view of the incontrovertible fact that very large numbers of small farmers and labourers in all parts of Ireland are, as shown by the evidence at our Inquiry, greatly in need of a system of loans, especially in the spring-time, for current expenditure and not repayable until the autumn or winter, it is a matter for the deepest regret that the loan fund system, which might have done so much—even under the actual and supposed limitations of the Act of 1843—should have failed so completely in many cases, especially where considerable sums of free capital were available, to do much more than provide salaries to officials to the detriment of the interests of borrowers."

The Committee recommend that the Loan Fund Board should be discontinued, its functions being transferred to the Department of Agriculture, and that the loan fund societies should be converted into agricultural credit societies, which they hold to be far more suitable agencies of rural credit.

§ 7. CO-OPERATIVE AGRICULTURAL CREDIT SOCIETIES.

We come now to that portion of the Committee's Report which relates to co-operative agricultural credit societies. As we have already published accounts of the co-operative credit movement in Ireland, and the system is familiar to readers of the *Bulletin of Economic and Social Intelligence*, we shall pass lightly over the sketch given by the Committee of the growth of co-operative credit in Ireland, contenting ourselves with noting that whereas the number of registered agricultural credit societies in 1911 was 308, the Committee, after careful investigation, came to the conclusion that, at most, 176 societies were in actual operation and that, even of these, many were in a state of stagnation; that the membership in 1911 was reported as 19,505, and that the total loans granted during the seventeen years ended 1911 amounted to about £500,000, the recent average being about £5,000 per annum.

The Committee made a close study of the working of the existing societies and, while acknowledging the merits of the system and the ex-

cellent work done in many cases, noted many defects which it would be desirable to remove.

(a) *Liability of Members in Credit Societies.*

The Report discusses at some length the question whether it is desirable that the liability of members of credit societies should be limited or unlimited, and comes to the conclusion that the adoption of unlimited or limited liability is not so much a matter of principle as of expediency and of adaptation to varying economic and social conditions.

The chief argument in favour of unlimited liability put forward by witnesses was that it was requisite to ensure careful management, but the Committee remark that it is possible greatly to over-emphasize its efficacy in this respect and that in many credit societies in Ireland, where the liability is unlimited, the members have not looked closely after their own interests.

Unlimited liability has, the Committee maintain, the tendency to exclude the more substantial farmers from becoming members. They express the opinion that the co-operative credit movement in Ireland would have made more satisfactory progress if a larger number of substantial members had from the beginning given their aid.

It is recommended, then, that when a credit society is being organised the relative advantages of both systems should be explained and the choice left to the persons desirous of forming the society. The Committee has prepared a set of draft rules for limited societies, under the existing Industrial and Provident Societies Acts, with share capital, each share being £5 in value with 5s. paid up, and also draft rules for unlimited liability societies, under the Friendly Societies Acts. They point out, however, that the existing Acts of Parliament are unsuitable for credit societies and urge that special legislation should be passed dealing comprehensively with the whole subject.

(b) *Deposits in Credit Societies.*

The obtaining of deposits by credit societies is important both as a source of capital and as an incentive to thrift. A few credit societies in Ireland have been exceptionally successful in obtaining deposits, but on the whole the Committee consider the results of the co-operative credit movement in Ireland to be extremely disappointing in this respect. Of 163 societies whose returns appeared in the last published Report of the Irish Agricultural Organisation Society, 65 societies, or 40 per cent, had obtained no deposits whatever. Of 98 societies returned as having deposits, 37 held deposits of less than £100 in amount. Moreover out of the total of £27,290 held in deposits by 98 societies, £14,154, or more than one-half, was held by 14 societies.

The deposits amount to an average of only £850 per county, a sum which the Committee consider should be available in almost every parish

in the country for the purpose of a credit society, if the confidence of small depositors could be secured.

To attract deposits security is more important than a high rate of interest, and many witnesses urged the desirability of some form of Government guarantee. This the Committee do not recommend. They think, however, that with an adequate system of Government inspection and control the credit societies would obtain the confidence of the public.

They recommend that a maximum rate of $3\frac{1}{3}$ per cent. should be paid to depositors. This would exceed by almost 1 per cent the rate paid by the Post Office Savings Bank, and would leave an ample margin for profit if the deposits were all lent out. Further it is lower than the rate charged by joint stock banks or State Departments on money advanced to credit societies, and so there would be an inducement to the societies to encourage deposits rather than to obtain the money from banks or the State.

It is more advantageous to a credit society to obtain small deposits than large ones, and the Committee recommend that a lower rate of interest should be paid on large deposits and that longer notice of withdrawal should be required.

(c) *Surplus Deposit and Central Credit Institutions.*

Whereas in Ireland the difficulty experienced by credit societies in obtaining additional capital during the seasons when the demand for credit is largest has been partially solved by the willingness of the joint stock banks to make advances to them in the form of overdrafts, the question how to deal with deposits in excess of the borrowing requirements of the members has never been satisfactorily solved. The two problems are closely related since, in most countries, there are central institutions which accept the surplus deposits of some societies and lend these funds to other societies which have need of additional capital.

The Committee examines the different types of Central Bank which are found in various countries and discusses whether any of these types could with advantage be adopted in Ireland. They come to the conclusion that it is not desirable, at the present stage of the movement, to establish a central co-operative bank in Ireland. They consider that it is the soundest policy at present for the credit societies to accept only such deposits as are found, on the average, to be sufficient to furnish the loans required by members, relying for additional capital or for the means of repaying unexpected withdrawals of deposits upon their power to obtain overdrafts from the joint stock banks. A tendency to excessive deposits could be met by lowering the rate of interest.

At the same time the Committee recognise that if credit societies become much more numerous than at present it may be desirable to establish a central co-operative bank.

It appeared, in the course of the Inquiry, that credit societies registered under the Friendly Societies Act have not power to place surplus funds on deposit in any joint stock bank except the Bank of Ireland,

and the Committee recommend that this power should be conferred upon them.

(d) *The Question of Trading Powers for Credit Societies.*

In view of the desire which has been expressed during the past few years that credit societies should be empowered to do trading, the Committee considered carefully whether it was advisable that such powers should be conferred. After reviewing the practice, in this respect, of Continental countries, and the arguments advanced in favour of trading powers, they came to the conclusion that the disadvantages of combining trading with credit business greatly outweighed the advantages.

They point out that the qualifications required for satisfactorily filling the positions of secretary to a trading society are different from those required in the secretary of a credit society, and that the difficulty of finding a suitable secretary would probably be increased if credit societies undertook trading ; that a trading society can, as a rule, more profitably operate in a larger area than a credit society ; that there would be difficulty in keeping the banking and trading accounts of a single society separate, and that the secretary would be tempted to devote himself to the more profitable branch of the work ; that a society which combined banking and trading would not attract deposits to the same extent as a society which only did credit business, and would be unable to count upon the facilities for obtaining overdrafts now afforded by the joint stock banks.

(c) *Loans made by Credit Societies.*

Passing on to consider the advances made by credit societies in Ireland, the Report presents the following table showing the amount of loans granted in each year since 1895 with the number in each year since 1901:

TABLE III. — *Loans made by Credit Societies.*

Year	Loans advanced	
	Number	Amount £
1895	—	100
1896	—	388
1897	—	475
1898	—	3,306
1899	—	5,550
1900	—	7,270
1901	2,534	10,459
1902	3,241	15,447
1903	3,722	20,435
1904	5,822	31,742
1905	7,453	43,641
1906	8,447	50,264
1907	9,046	53,112
1908	8,926	56,004
1909	9,213	57,640
1910	8,618	55,855
1911	7,967	56,055
1912	8,522	58,244

These figures indicate that the number and amount of the loans have remained almost stationary for the past seven or eight years, and that the amount annually granted is trifling in relation to the credit needs of small agriculturists. The loans have, however, in the opinion of the Committee, unquestionably proved a boon to many struggling small farmers.

As the total capital of the societies in 1911 was £56,554, it appears that the capital is turned over almost exactly once in the year.

The undesirable practice of renewing loans has, it appears, become prevalent in many societies. In 1910 an Inspector appointed by the Department of Agriculture reported that out of 103 societies which then held loans from the Department, 56 societies frequently granted renewals. This is, in the opinion of the Committee, one of the most serious defects possible in a credit society, and they urge that at least one month should elapse between the repayment of one loan and the granting of another. The chief safeguard against renewals would be, however, the stringent carrying out by Committees of the Rule that "loans shall only be granted for some pro-

fitable or productive purpose, or one which will effect a saving or economy to the borrower," and the refusal to grant further loans to persons who have proved habitually irregular in repayment.

The unwillingness of farmers to allow their financial needs to become known to their neighbours is noted as one of the reasons for the slow growth of co-operative credit in Ireland, and it is urged that greater secrecy should be observed on the part of the committees.

In regard to the period of repayment, the Committee approve of existing arrangements, except that they think the maximum period should be fixed at three years. They maintain that, in Ireland, it is undesirable to adopt the current account system in credit societies; the safest plan, in their view, is that loans, definite in amount, should be made for definite periods and for definite purposes, approved of in each case by the Committee.

In view of the undesirability of allowing cash to remain longer than necessary in the hands of the Secretary or Treasurer, the Committee urge that where possible all the transactions of a Society, including the making of loans and the refunding of deposits, should be made by means of cheques on the joint stock bank in which the society's current account is kept.

Under the Friendly Societies Act, a credit society cannot advance more than £50 to any one member, and evidence was given that not more than a dozen loans of £50 have been made by the societies in Ireland. The average loan granted in 1911 was £7; in 1910, £6 10s.; in 1909, £6 5s.; in 1908 £6 5s. The Committee urge that the maximum of £50 should be retained, and that, in limited liability societies no member should be allowed a loan exceeding £5 for each £5 share held by him.

In regard to the rate of interest charged upon loans, the Committee recommend that the normal rate should be $6\frac{1}{4}$ per cent, equivalent to $1\frac{1}{4}$ d. per £1 per month. In conjunction with the proposed rate of $3\frac{1}{3}$ per cent. interest to be paid on deposits, this would leave a sufficient margin of profit.

The rate of interest on loans could be reduced when the reserve fund reached a certain amount, say £300. In 1911 the average reserve fund of the societies was about £25, and only one society had a reserve fund exceeding £300.

Incidentally, in reference to loans for the purchase of live stock, the Committee note the great need in Ireland for a system of mutual live-stock insurance.

They further point out that the agricultural labouring class is likely to derive considerable benefit from the extension of the co-operative credit movement. The joint stock banks are not able to make advances to labourers, but there is a large proportion of labourers amongst the borrowers from the loan fund societies. Their needs, however, in respect of the funds required for the proper cultivation of their plots of land, the purchase of a cow, etc., can best be met by co-operative credit societies, and the Committee suggests the organisation of societies catering specially for their requirements.

(f) Registration, Annual Returns, etc.

Of 310 credit societies which have been registered in Ireland, almost two-fifths have ceased to exist or never did any business. The Committee express the opinion that it is eminently unsatisfactory that so many societies should have been registered without more reasonable prospect of their success. Of recent years, however, the policy of the Irish Agricultural Organisation Society has been to refuse to form a credit society unless 40 solvent men of the district are ready to sign the application for registration and to pay the membership fee.

While attaching considerable importance to the strict enforcement of the legal obligation of credit societies to furnish an Annual Return, the Committee recommend that the existing Form of Return should be simplified, and that an improved form of account books should be supplied to the societies.

The number of credit societies in Ireland which fail to furnish Annual Returns to the Registrar appears to be increasing. In 1911 there were 308 credit societies on the books of the Registrar, of which 171 failed to furnish returns. Many of these were societies which had never started work after registration and, therefore, had only a nominal existence, but of 193 societies which figured in the Report of the Irish Agricultural Organisation society as working, no less than 56 sent no returns to the Registrar, though only 26 failed to supply the Organisation Society with information as to the business transacted during the year. Some societies, on the other hand, furnished returns to the Registrar, but gave no information to the Organisation Society.

The Registrar expressed to the Committee his intention of taking steps to cancel the registry of the defunct credit societies. He had already struck off the Register about 150 co-operative creameries which were doing no business.

A serious defect noted by the Committee in the working of many credit societies is the absence of any proper arrangements for the safe custody of the books and confidential documents, or even of the cash in hand.

(g) The Secretaryship of Credit Societies.

In country districts there is often a difficulty in obtaining the services of a suitable secretary, but the Committee urges that it would be better to abandon the formation of a credit society altogether rather than try to proceed with an inefficient secretary. They maintain that (contrary to the usual practice in Ireland) the secretary should be given some remuneration for his services. Such remuneration should, however, be small, not exceeding £10 to £12 a year, and it should in no case be calculated as a percentage of the business done. They also urge that the secretary should always give security for the proper discharge of his duties.

(h) *State Advances to Credit Societies.*

Much interest attaches to the Committee's investigation into the advances made by state departments in Ireland to credit societies and their conclusions regarding the desirability of such advances.

The Congested Districts Board, it appeared, had made advances out of its funds to credit societies in congested areas since 1898, besides contributing to the expense of organising such societies. Advances amounting to £6,920 had been made to 80 societies, and in the case of 23 societies loans amounting to £1,575 had been repaid or withdrawn. The Board does not appear to have suffered any monetary loss in respect of the loans advanced, but some of the societies have been in possession of the loans for many years and have probably come to regard them in the light of a permanent grant.

The following figures show the amount of outstanding advances at the end of each year from 1898 to 1913:

TABLE IV. — *Advances to credit societies
made by the Congested Districts Board: Amounts outstanding.*

Year	Amount outstanding on loan from Board £	Number of Credit Societies concerned
1898	800	13
1899	1,700	24
1900	2,330	29
1901	2,980	36
1902	3,430	40
1903	4,330	47
1904	5,030	57
1905	6,000	68
1906	5,888	65
1907	5,872	63
1908	5,930	64
1909	5,675	60
1910	5,552	60
1911	5,395	57
1912	5,320	57
1913	5,045	54

A member of the Congested Districts Board, in his evidence, expressed the opinion that there was not the same active local control over the

business in the case of societies which were wholly dependent for their capital upon the advances made by the Board. There were 12 such societies in 1911.

The Department of Agriculture, which came into existence in 1901, immediately adopted the same policy as the Congested Districts Board had followed and made advances to credit societies in non-congested areas. The following table indicates the amount of the loans outstanding at the end of each year from 1901 to 1913:

TABLE V. — *Advances to credit societies made by the Department of Agriculture: Amounts outstanding.*

Year	Amount outstanding on loan from the Department £	Number of Credit Societies concerned
		—
1901	1,350	18
1902	4,655	53
1903	7,455	86
1904	8,835	99
1905	9,813	118
1906	9,433	117
1907	12,913	141
1908	12,263	130
1909	10,021	105
1910	8,498	94
1911	7,852	87
1912	7,074	76
1913	6,523	71

In 1907, when the advances made by the Department reached a maximum, 141 societies held loans from the Department and 63 from the Congested Districts Board. As, however, 23 societies held loans from both bodies, there were 181 societies in possession of state advances. This was equivalent to 80 per cent. of the societies recorded as working, and 96 per cent. of those furnishing returns.

Up to December 31st., 1913, the Department had made advances of £18,442 to 170 credit societies. The loans were granted for eighteen months, but were not usually called in until the society was thought to have obtained sufficient local deposits to be enabled to dispense with the money, or until the money was required to lend to other approved applicants.

In 98 cases, the whole of the loans, to the value of £9,945 were repaid, but in 25 of these cases the Department found it necessary to take legal

action for the recovery of the money and in 36 cases to exert pressure, short of legal action.

In 23 other cases, in which the total amount lent was £1,481, the advances had been partially repaid. Legal action was necessary in 4 of these cases and pressure was exerted in 7 cases.

The Committee regard the failure of so many societies to repay the advances except under pressure as very unsatisfactory. They found on inquiry that one very general cause was the widespread feeling that the loan was in reality a permanent gift. Another reason assigned was the fear that the withdrawal of the advance would weaken the confidence of depositors.

In three cases the Department wrote off as irrecoverable a portion of the advances made to societies; the total amount so written off was £151, equal to 1.3 per cent of the amount repaid.

In 1910 the Department caused a special inquiry to be made into the working of the societies holding loans from it. Of 103 societies which he visited, the inspector classed 22 as "satisfactory," 36 as "fair" and 45 as "unsatisfactory." The causes of the unsatisfactory condition of so many of the societies were reported to be the admission of unsuitable members; the difficulty of finding a competent secretary; the indifference of many committees to their duties; the occasional retention of loan capital by the secretary; the disregard of the object of the loans; the habitual renewal of loans by some societies; the difficulty, in some instances, of obtaining either deposits or a bank overdraft; and, lastly, the careless custody of books and documents.

The Committee note that whereas, in some cases, an advance from the State has encouraged deposits by giving confidence in the security offered, in other cases it has led to a slackening of the effort to obtain deposits. Between 1907 (when the Department of Agriculture ceased making fresh advances to credit societies) and 1911 the deposits increased from 35 to 48 per cent. of the total capital in the societies furnishing returns.

After considering carefully the advantages and disadvantages of State loans to credit societies, the Committee arrived at the conclusion that the disadvantages greatly outweighed the advantages. They recommended, therefore, that the advances outstanding should be withdrawn by a system of gradual repayment spread over 18 months or 2 years so as to give ample opportunity to the societies to adapt their arrangements accordingly. To avoid causing possible hardship, the advances might be allowed to remain in cases where beneficial use was being made of the money and there was no reasonable prospect of the society obtaining capital by means of local deposits or a bank overdraft: such cases, however, should be very exceptional, and on any state advances so allowed to remain, interest should be charged at not less than 3½ per cent.

(i) *Inspection and Audit of Credit Societies.*

"If there has been one aspect of the co-operative credit movement which more than any other has impressed itself upon the attention of the Committee," says the Report, "it is the paramount importance of an effective and regular system of inspection and audit of the societies."

At the present time, the accounts of the societies are usually audited by the Irish Agricultural Organisation Society. To avoid congestion the Organisation Society notifies each society in turn when it is in a position to examine the books; these are then forwarded to the Organisation Society and returned as quickly as possible. Delays, however, occur in some cases on account of the books having been sent in an incomplete state, or for other reasons, and the absence of the books interferes with the business of the society.

The Committee do not consider that the present method is adequate; they hold that an audit conducted at the office of the credit society itself is essential for the proper safeguarding of the interests of depositors and members. The main advantages of such an audit would be:

- (1) The cash in hand would be counted by the auditors;
- (2) The delay and inconvenience caused to the operations of the society by the despatch of its books and accounts to Dublin for audit would be avoided;
- (3) The secretary, treasurer, and any members of the committee would be present to explain to the auditor any matters on which he required information, thus obviating correspondence;
- (4) The auditor, in his turn, would be in a position to give useful advice to the society on the various points raised.

In view of the expense of conducting the audit locally, the Committee recommend that the cost of audit should be borne, wholly or in part, by the State. They do not advise that direct audit should be undertaken by the State itself; they think it a sounder method that the societies should employ public auditors. Expense might be avoided, as the movement grew, by employing separate auditing firms for specified districts.

On the question of the State supervision of credit societies there was considerable divergence of opinion amongst the witnesses. Some witnesses expressed disapproval of State inspection or supervision; others considered it necessary for the protection both of depositors and of borrowers. This divergence was also found amongst the members of the Committee. The majority recommended that the inspection and supervision of credit societies should be undertaken by the Department of Agriculture, but three of the members dissented from this recommendation.

In support of state supervision it was urged that even if the Irish Agricultural Organisation Society had the funds necessary adequately to supervise the credit societies it has not so much power as the State to enforce improved methods on unsatisfactory societies.

The majority of the Committee (the same three members dissenting) recommended that the Department of Agriculture should undertake also

the organisation of co-operative credit societies with the assistance of the County Committees of Agriculture and the Itinerant Agricultural Instructors. Where it was not possible to utilise the services of the Agricultural Instructors, special organisers might be appointed.

To supervise and co-ordinate these and other operations in the sphere of agricultural credit, the Committee recommended the establishment of an Agricultural Credit Section of the Department of Agriculture. To this should be entrusted the extensive lending business which (as we shall see presently) the Department of Agriculture already carries on in connection with its various schemes of loans for agricultural purposes. They further proposed that a small Advisory Committee should be appointed in connection with the suggested Agricultural Credit Section. The Committee might be composed of representatives of the affiliated credit societies and loan fund societies, the joint stock banks, the Irish Agricultural Organisation Society, the Board of Works and the Congested Districts Board. Such an advisory body would, it was held, help to co-ordinate the various interests involved and would be in a position to suggest improvements in the working of the scheme.

§ 8. AGRICULTURAL LOANS ADVANCED BY STATE DEPARTMENTS.

(a) *The Board of Works.*

The Report then passes to consider the agricultural loans and grants administered by State Departments. The most important of these are the advances made by the Commissioners of Public Works, which may be divided into two classes, loans for arterial drainage and loans under the Land Improvement and Land Law Acts).

The question of arterial drainage has formed the subject of inquiry by several Vice-regal Commissions, the latest of which published its report in 1907. While emphasising the importance of arterial drainage in Ireland, in order to secure the farmers against disastrous summer floods and against the saturation of their lands, and in order to give field drainage throughout large tracts where it is now impossible, the Report of the Vice-regal Commission of 1907 points out that the transference of the land of Ireland from the hands of a comparatively small number of landlords to a numerous body of tenant-purchasers has greatly increased the difficulty of carrying out drainage schemes.

From 1842 to 1863, the Board of Works advanced £2,082,052 for arterial drainage and from 1863 to 1913 only £855,054. Of recent years the amount advanced has been exceedingly small, and the Agricultural Credit Committee is of opinion that there is need for a complete revision of the legislation relating to arterial drainage.

Loans for land improvement have been made to landowners under the Landed Property Improvement Act, 1847, and subsequent amending acts,

and to tenants under the Land Law Act of 1881. A loan under the Land Improvement Acts must be at least £100, with the exception that for the erection of farm-buildings a loan of £50 may be granted. Loans to tenants are not less than £35 and must not exceed £1,000. The usual period of repayment is 22 years; the annuity-charge is $6\frac{1}{2}$ per cent., equivalent to interest at the rate of £3 8s. 3d. per cent. The expenses of the loan, which amount to £2 on a loan of £35 to £40, £5 on a loan of £100, and proportionately less on larger loans, are deducted from the first instalment of the loan advanced. This increases appreciably the real rate of interest payable on the loans.

As security for the loans advanced by them the Board of Works require a charge in the nature of a mortgage on the borrower's interest in the land.

On the whole the repayment of the loans has been satisfactory. Up to 1910-11, more than £6,000,000 had been advanced, of which nearly £5,000,000 had been repaid, and about £30,000 had to be written off as irrecoverable. There is, however, some unpunctuality in the payments, and the Board is obliged to take proceedings against 1 in 33 of the debtors every year.

As showing the extent to which advantage is still being taken of this system, it may be noted that in 1912-13 loans to the amount of £66,399 were made to 1,144 persons under the Land Improvement Acts and £41,473 to 1,056 persons under the Land Law Act. The great majority of these loans were for the erection of farm buildings.

According to the Rules under which loans are made by the Board of Works, no loan granted under the Land Law Act may amount to more than three times the annual value to be charged. Under the Land Improvement Acts, no loans are advanced to landlords amounting to more than seven times the valuation, and to tenant-purchasers the amount is usually restricted to five times the valuation. Comparing these regulations with the minimum sums granted, it will be seen that a tenant-purchaser of a holding of less than £7 valuation or a tenant of a holding of less than £12 valuation would be unable to obtain advances from the Board of Works. The system, therefore, does not furnish credit facilities to the very small farmer. To meet the case of small farmers desiring to erect hay-barns costing less than £35, the Department of Agriculture has drawn up a scheme for advances of smaller amount. It is pointed out by the Committee as an anomaly that two Government Departments should be making loans for the same purpose.

The Committee are of opinion that much might be done to render the system of long-term loans more beneficial to Irish agriculture, and especially to the smaller farmers, and urge that, not only should the system be re-organised, but the administration of the purely agricultural loans now advanced by the Board of Works should be transferred to the Department of Agriculture.

(b) *The Congested Districts Board.*

Loans for various purposes have been granted to farmers by the Congested Districts Board, but this is only a subsidiary part of their operations. From the date of its establishment (1891) to 1912 the Board made 1,384 loans amounting to £26,464. These included 772 loans (amounting to £12,666) for the purchase of live-stock, and 303 loans (amounting to £4,558) for the erection or improvement of dwelling houses or the erection of out-offices. The scheme of loans for the erection or reconstruction of dwelling houses has been hindered by the difficulty which the applicants have found in establishing satisfactory titles to their holdings. Thus in the year 1911-12, of 625 loans applied for, only 66 were sanctioned, and of the applications refused the grounds of refusal were the inability to show satisfactory title.

The system adopted by the Congested Districts Board of giving free grants to very small farmers for the erection or improvement of dwelling-houses, on consideration that the value of the work done shall be considerably in excess of the amount of the grant, has been described in a recent article (1). The Agricultural Credit Committee express the opinion that it could only be justified by the exceptional poverty of many districts and urges that it should be regarded as only a temporary expedient.

(c) *The Department of Agriculture and Technical Instruction.*

The Department of Agriculture, from the time of its foundation in 1900, found the lack of capital on the part of small farmers a hindrance to the carrying-out of many of its schemes for the development of agriculture. It has, accordingly, been obliged to take steps towards meeting the need, and has initiated various schemes of loans to farmers.

Its loans for the purchase of live-stock are not aimed at benefiting the individual farmers so much as at introducing pure-bred animals for the benefit of the surrounding locality. Up to March 1913, 2,071 of these loans, amounting to over £67,000 had been advanced. The loans are guaranteed by the applicants and two or more solvent sureties. In the case of bulls they are repayable in two equal annual instalments; in the case of horses, in five annual instalments. The rate of interest charged is $2\frac{1}{2}$ per cent.

Loans for the erection of wire-fencing have been made in the counties containing congested districts since 1907-8. Up to 1912-13 the number of loans granted was 518, amounting to £8,990. Loans are not granted of less than £5 or more than £35. The loans of £5 to £15 are repay-

(1) See in this *Bulletin* the article on "The Congested Districts of Ireland and the Work of the Congested Districts Board," by F. S. Sheridan.

able by half-yearly instalments in five years and those of £15 to £35 in ten years; the interest charged is 3 per cent. The Department obtains the fencing for the borrower and as it buys in bulk it can do so at reduced prices. It also sends a foreman to supervise the erection.

Since 1903-04 the Department has made advances for the purchase of agricultural implements. Up to 1912-13, the number of these loans was 399 and they amounted to £4,316, and there was a strong tendency for these loans to increase in number and amount. The minimum loan is for a machine or machines costing £6, but the borrower must lodge one-fourth of the cost of the machine with the Department, so that the minimum loan is £4 10s. The machine is ordered by the Department, who pay the vendor the price on receiving notice that it has been delivered to the borrower. Loans not exceeding £50 are repayable in three years; larger loans in five. Three per cent interest is charged.

The Department also makes loans for a variety of other purposes to individual farmers and association of farmers, or (as we have already seen) to co-operative credit societies. The total amount lent by the Department from its establishment up to 1912-13 was £ 106,776.

(d) *The Estates Commissioners.*

Compared with the gigantic operations which the Estates Commissioners are carrying on for the transfer, by the aid of State-credit, of the land of Ireland from the landlord to the occupying farmer, the credit which it accords for the improvement and stocking of holdings is of secondary importance. Nevertheless from November 1st., 1903 (the date when the Land Purchase Act of 1903 came into operation) up to March 31st, 1913, a sum of £567,489 had been expended for these purposes, of which £247,029 were advances repayable as part of the tenants' purchase annuities and £320,460 were free grants not repayable.

Nearly all this expenditure was incurred by the Estates Commissioners in connection with estates purchased by them for purposes of re-sale. These estates require re-arrangement and improvement of existing holdings, and the division of untenanted land into new holdings. The new holdings are equipped with houses, fences, roads, etc., while the allottees, who include evicted tenants whom it is desired to re-instate, migrants who have surrendered their holdings in other districts for the relief of congestion, labourers, etc., are, if necessary, provided with stock and implements. Expenditure for works of permanent improvement is, as far as it is deemed to be recoverable, having regard to the security required for the payment of the purchase annuities, included in the price of the holding improved; the remaining expenditure is treated as a grant not repayable.

Although the State advances for the purchase of land are not included within the scope of the Committee's inquiry, (1) the Report points to the regul-

(1) See page 69.

arity with which the purchase annuities are paid as evidence of the credit-worthiness of the Irish farmer. Thus, on July 1st., 1913, out of 215,537 tenant-purchasers from whom annuities to the total amount of £2,415,745 were collectable in the year ending March 31st., 1913, only 1,378 (or 0.6 per cent) were in arrears and the amount of the arrears was only £12,959 (0.5 per cent of the total due). Even these arrears were due in part to an undesirable practice adopted by some tenant-purchasers of obtaining the use of money for a short period at the cost of a small fine, by intentionally letting the payment of purchase annuities fall into arrear and, when a process is issued, paying the arrears without allowing the case to come into Court.

§ 9. THE CREDIT NEEDS OF RURAL INDUSTRIES.

The scope of the Inquiry extending to rural industries as well as agriculture, the Committee obtained evidence on the need of credit facilities for such industries. They came to the conclusion that there were many rural industries of which the development was hindered by lack of capital. They consider that capital should be more readily provided by the joint stock banks than is the case at present, and suggest that the Department of Agriculture and the Congested Districts Board should obtain full information regarding particular industries and furnish it to joint stock banks, in order to assist them in making the needed advances.

§ 10. MORTGAGE OR LONG TERM CREDIT.

One form of mortgage-credit in Ireland, the loans advanced by the Board of Works, has already been noted. The Agricultural Credit Committee made extensive inquiries into the question of mortgage-credit generally, which has special importance in view of the creation of large numbers of peasant proprietors which is taking place and the danger to which they may be exposed of over-burdening their land.

The investigation was particularly difficult on account of the absence of reliable statistics. This, in its turn, is due to the absence of a universal system of registration of title. In Ireland holdings which have been purchased by the occupier under the operation of the Land Purchase Acts are registered in the Land Registry, and all charges upon such holdings are also registered in the same office, with the anomalous exception of charges in connection with loans for land improvement advanced by the Board of Works. These charges, together with all charges on unregistered land, are registered only in the Registry of Deeds.

Although the number of registered holdings is steadily increasing owing to the operation of the Land Purchase Acts, they were in 1913 only 36

per cent of the total number of holdings in Ireland. Of the registered holdings, an average of 1.7 per cent. have charges placed upon them in each year.

The Land Registry specially prepared for the Committee full returns of the charges and releases on registered land during the months of April, May and June, 1912, and summaries of these valuable returns are contained in Appendix 14 to the Minutes of Evidence. The figures furnish a useful index to the movement of mortage indebtedness amongst the tenant purchasers.

During the three months in question 725 separate charging transactions took place, affecting 567 separate holdings. The total amount of the charges registered was £156,760. But during the year the total number of charges registered was 3,468, considerably more than four times the number registered in April, May and June. Assuming that the individual transactions were approximately on the same scale as during the three months, the total amount of the fresh charges during the year would be over £750,000. The number of releases registered during the three months was 307, affecting 227 separate holdings and amounting to a total of £85,584. Assuming that the releases of charges during the year bore the same proportion to the releases during the three months as the fresh charges during the year bore to the fresh charges during the three months, the amount of charges on registered land released in Ireland in 1912 was over £408,000. Hence the net addition to the debt on registered land in Ireland in 1912 was approximately £340,000.

This calculation does not include the charges in respect of Board of Works loans; the gross amount of the fresh charges on registered land in connection with such loans was probably about £50,000.

In order to obtain some indication of the movement of mortgages charges on *unregistered* land, the Committee obtained from the Registry of Deeds a statement of the charges recorded on unregistered land during the months of April, May and June, 1912. This is published in Appendix 15 to the Minutes of Evidence. During this period 1,235 charging transactions were recorded upon unregistered agricultural land; in 132 of these cases the mortgagor was the landlord and in 1,103 cases the occupier (1). In 942 of the 1,235 transactions, the amount of the charge was disclosed in the deed; in 55 of these cases the mortgagor was landlord, and the total charge £55,056, while in 887 cases the mortgagor was occupier and the total charge £98,824. Assuming that the value of the charges in the cases where it was not disclosed was, on the average, the same as in the cases where it was stated, and that the three months were average months in respect of charging transactions, it is estimated that these were in 1912 about 5,000 recorded charges, amounting in all to about £1,000,000.

This calculation is slightly vitiated by the fact that the records include the charges upon registered land in respect of Board of Works

(1) It should be borne in mind that tenants in Ireland possess the "tenant-right," which can be mortgaged equally with the landlord's interest in the holding.

loans. A substantial addition must, however, be made to the total in order to arrive at the aggregate amount of charges placed upon unregistered agricultural land, because the registration of such charges is not compulsory, and there must have been many charges of which no information whatever was conveyed to the Registry of Deeds. Balancing these two considerations against one another, the Committee are of opinion that £1,000,000 per annum is a very conservative estimate of the present annual addition of fresh charges on unregistered land.

In regard to releases, there is no exact information, but assuming that the releases of charges on unregistered land occur in the same proportion to the fresh charges as in the case of registered land, the Committee calculates that the *net* addition to the burden on unregistered land was about £454,000 in 1912.

Combining the figures for registered with those for unregistered land, the Committee arrive at the conclusion that the approximate annual amount of the fresh charges laid on Irish agricultural land is about £1,857,000. Allowing for the estimated releases, the *net* annual increase in the mortgage indebtedness is about £854,000. These estimates they think to be rather under than over the mark; probably £1,000,000 would be a more accurate estimate of the net increase.

It would be interesting to be able to compare this figure with the total value of agricultural land in Ireland, but only rough estimates are available. The purchase price of agricultural land in Ireland was calculated by the Estates Commissioners to be almost £200,000,000, but to arrive at the total value it would be necessary to add the large sums which represent the tenant's interest in their holdings.

Under the Land Act of 1903, a tenant-purchaser is prohibited from mortgaging his land for an amount greater than 10 times the purchase-annuity, save with the consent of the Land Commission. The number of applications for permission to mortgage holdings for larger sums between November 1st., 1903 and March 31st., 1913, was only 508.

The usual rate of interest on mortgage loans in Ireland appears to be five or six per cent, but it is sometimes as low as four per cent and sometimes as high as ten per cent.

There exists in Ireland a peculiar form of mortgage known as a "judgement mortgage." A creditor, having obtained a judgement of a court of law for money due to him, may file in the court a statement of amount of debt, damages and costs, with a description of any land which the debtor may possess. This affidavit is then registered by the creditor in the Registry of Deeds in the case of unregistered land, and in the Land Registry office in the case of registered land. The effect of this registration is to vest in himself the estate of the debtor, subject to redemption on payment of the money owing on the judgement.

The Committee calculates that about 220 judgement mortgages, to the amount of £36,000, are annually obtained on registered holdings, and between 400 and 500, to the amount of £50,000 to £60,000, on unregistered holdings.

By a curious anomaly, judgement mortgages are not taken into account in the restriction on mortgaging by tenant-purchasers imposed by the Act of 1903. As a judgement mortgage is a transaction which readily lends itself to collusion between lender and borrower, it can be utilised to enable a tenant-purchaser to evade the restrictions of the Act. The Committee strongly urge that this anomaly should be removed.

Mortgage loans are not generally advanced by joint stock banks, who, indeed, show reluctance to accept mortgage security unless it is supported by collateral personal security. A large proportion of the loans on mortgage are advanced by solicitors acting on behalf of their clients. The system has a very serious drawback, in that the borrower does not know when the loan may be called in. Unscrupulous solicitors, it is said, make a practice of calling in the loans with unnecessary frequency, in order to gain the profit from the fresh charges made in connection with the new mortgage. The Committee express their "extreme surprise and regret that members of an honourable profession should be found stooping to practices of this sort."

The Committee proceed to examine the desirability of establishing some land credit institution of the type of the German "Landschaften." They point out that, for the success of such institutions, a complete system of registration of title, powers of summary procedure and strict State supervision are essential, and come to the conclusion that, on the whole, the prospect of establishing such an institution successfully in Ireland in the near future is small.

Even, however, if the foundations of an extensive scheme of mortgage credit had been successfully laid, the Committee hold that there are arguments against its introduction, as they consider that the attention of the tenant-purchasers should be concentrated rather upon making the most of their land by honest work, even with limited capital, than upon the pledging of it for the supply of funds. In their view the development and extension of the agricultural loan schemes of the Board of Works, the Department of Agriculture and the Congested Districts Board, combined with the agency of the co-operative credit societies for the shorter term loans required, should prove sufficient in the great majority of cases for those credit requirements of the Irish farmer which are not met by the joint stock banks.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT.

BELGIUM

D'AVOUT (BERNARD) : *Vers la petite propriété. Le crédit immobilier en Belgique et en France (In the Direction of Small Holdings. Credit on Real Estate in Belgium and in France)*. Dijon, 1914. Darantière Press, pp. 275.

This book brings into relief, with essentially practical intention, what has been done in Belgium and in France to promote the increase of workmen's houses. As concerns Belgium, after an account of the history of the legislation on the subject, the author examines the relations of the *Caisse d'Epargne et de Retraite* with the societies for the erection of workmen's houses, giving minute explanations of the mechanism of credit on real estate and the reforms proposed. In regard to France, after an examination of the law of April 10th., 1908 and an indication of the causes of its want of success, he summarises the later laws of February 26th., 1912 and December 23rd., 1912, and shows the manner of the constitution and the working of a real estate credit society.

ITALY

STATISTICA DEL DEBITO IPOTECARIO FRUTTIFERO ITALIANO E DELLE OPERAZIONI DEGLI ISTITUTI DI CREDITO FONDIARIO AL 31 DICEMBRE 1910. (*Statistics of Interest Paying Mortgage Debts in Italy and the Business of the Land Credit Institutes on December 31st., 1910*) . Ministero delle Finanze. Direzione Generale delle Tasse sugli affari. Rome, 1914. Tipografia Cooperativa Sociale. pp. 465.

From this new Statistical Return of Mortgage Indebtedness prepared, by the General Department of Commercial Taxation, after a very strict and thorough enquiry, we learn that on December 31st., 1910, there were in course in Italy 808,670 mortgage loans paying interest, the total amount of these loans being 4,253,904,130 frs., distributed as follows in the various parts of the Kingdom: North Italy, 1,728,155,713 frs.; Central Italy, 1,374,659,053 frs.; South Italy, 575,842,358 frs.; Insular Italy, 375,247,006 frs. The land credit institutes had at that date 28,698 credits, for an amount

of 987,860,774 frs.; distributed as follows: in North Italy, 409,564,785 frs.; Central Italy, 333,998,636 frs.; South Italy, 193,375,563 frs.; and Insular Italy, 50,921,790 frs.

The mortgages are classified in numerous analytical tables, according to their amount, the rate of interest, the classes of creditors and debtors, the cause, the period and the nature of the mortgages etc. Finally, two diagrams show the amount of the mortgage debt, and the business of the land credit institutions, according to the regions, the amount of the mortgage debt and the rate of interest on December 31st., 1903 when the latest preceding statistical return was made out and on December 31st., 1910.

NICOTRA (GIOVANNI): *Le casse di risparmio e il mercato dei valori mobiliari in Italia. Note statistiche. (The Savings Banks and the Market for Securities in Italy. Statistical Notices).* (From the « Rivista delle Società Commerciali »). Rome, 1914.

The author considers the action of the ordinary savings banks on the market for securities in Italy. This action is twofold: (a) the banks collect savings and thus prevent their investment immediately in securities, and (b) they buy and keep these securities themselves. The banks tend to invest to a continually larger extent in securities, so that more than half the national savings are continually being withdrawn from industry and commerce and invested in public securities.

Part IV: Miscellaneous

GREAT BRITAIN AND IRELAND.

THE "CONGESTED DISTRICTS" OF IRELAND AND THE WORK OF THE CONGESTED DISTRICTS BOARD.

By FRANCIS S. SHERIDAN, *Barrister-at-Law,*
Chief Clerk to the Congested Districts Board.

When allusion is made to the "congested districts" of Ireland, people who do not know the districts are likely to ask "what is meant by the congested districts?" For it is not at all a title that is self-explanatory (being rather a misnomer), and it is consequently essential that the position should be made clear from the first so that the circumstances of the districts may be understood as far as it is possible to understand the condition of a locality without careful study on the spot.

The term "congested districts" was not applied because the land is thickly populated and overcrowded. On the contrary the density of population is very low, being only 89 persons per square mile as compared with 134 for all Ireland. The districts were first called "congested" by those mistaken philanthropists who recommended emigration of the inhabitants instead of development of local resources and possibilities. The name has since stuck to the districts. One ought simply to think of the congested districts as being exceptionally poor and undeveloped. The technical and legal definition will be alluded to later on.

§ I. THE ORIGIN OF THE CONGESTED DISTRICTS.

It is impossible to give a faithful description without going a little into history. Certain essential facts as they exist need to be traced to their source in order that a just estimate be formed of the reasons why the people

of the congested districts are so poor, and also why progress cannot be rapid owing to defective education and to a consequent want of initiative. In considering the ameliorative work of the Congested Districts Board, particularly in relation to the purchase and resale of land, it must be remembered that the Board is not dealing merely with the natural circumstances of a backward people in an out-of-the-way part of Ireland, but rather with unnatural conditions created many generations ago and allowed to continue until our own time without any remedial efforts.

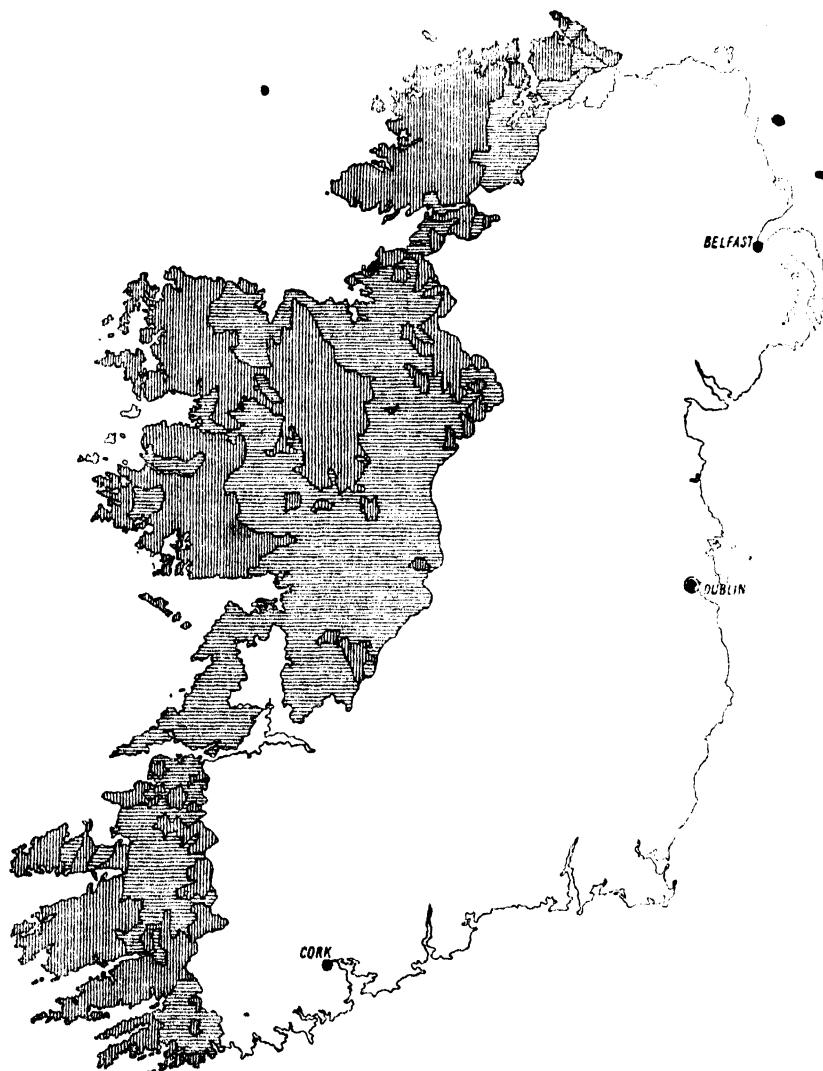
The accompanying map of Ireland will illustrate the portion of the country committed to the charge of the Congested Districts Board, and subsequent statistics will show the relative position of the congested districts to the rest of Ireland.

During the period from Philip and Mary to Cromwell — particularly in the time of the last-mentioned — re-arrangements of the confiscated lands of Ireland were made to reward the adventurers in the various campaigns against the Irish, and clearances of the "fat lands" were carried out to make way for the "planters" to whom grants of these desirable lands were given — the "innocent" Irish ploughmen and labourers being permitted to remain in the neighbouring "lean lands" to till for the newly endowed proprietors.

Under the Settlement Act of Cromwell's Parliament in September 1653, the owners of selected lands and their retainers in Ulster, Leinster, and Munster, who had not maintained a "constant good affection" to the Parliament were ordered under penalty of death to leave their homes before the 1st. May, 1654, with their families, cattle and belongings, and to proceed to occupy lands of little or no value to be allocated to them across the Shannon in Connacht, where they had to wait and "negotiate" for new lands. These proscribed Catholic people included the best blood of the country — Irish nobility and gentry and also the descendants of the old English -- Norman settlers who had stood by the King in his war with the Parliament.

To ensure that the migrated persons would not disturb the new occupiers in possession of their old estates, a belt of country four miles wide (afterwards reduced to one mile and known as "the mile line") was drawn right around Connacht including the sea-shore, and the lands in the belt were given only to Cromwellians who could be relied upon, like herds, to keep the migrants within the boundary. Thus the new inhabitants of Connacht and the few old ones who had survived the previous war were cooped within the confines of the Western Province and could not get out by land or sea, for they were forbidden to leave it. Subject to certain modifications as to succession during the operation of the succeeding Penal Laws, which need not be gone into here, the land in Connacht had by order of the Government to be divided at death equally between all the sons of the new settlers there. As the years rolled on, therefore, the tendency was to make all the inhabitants (landlords and tenants alike) poorer by continual sub-division, and as there were no industries or emigration — agriculture being virtually the only occupation — the position of the tillers of the soil as well as the owners became gradually weakened.

Map of Ireland, showing the Districts Scheduled as Congested.



Districts scheduled under 1891 Act.



Districts scheduled under 1909 Act.

Somewhat similar stories might be told of the clearances in Ulster and Munster in the reigns of James I and Elizabeth and the driving West of the Irish people to make way for the Government nominees to whom the confiscated lands were assigned, and in this way was laid the foundation of the congested districts as we now know them. In a word, therefore, the problem set to the Congested Districts Board may be said to lie in undoing the evolutionary results of the work of Elizabeth, James I, and Cromwell. But no Government at the present time could propose to exercise the same summary powers that Cromwell possessed, and thus make as rapid progress in their operations as he did in his time. Moreover he dealt with proprietors of lands who took their families and retainers with them *en bloc* whereas the Board are dealing with landlords and tenants individually — having consequently to face a much more difficult and detailed task — and do it in a complicated legal way.

After the Cromwellian "settlement," things were undecided for a time, for the migrants to Connacht naturally hoped, on the restoration of Charles II to get back to their old estates. But the "planters" were influential in England, whereas the dispossessed Irish were not, and on the whole the recent grantees were confirmed in their lands purely as a matter of expediency. In a couple of generations the new Connacht families had become rooted in the soil, and although an attempt was made to do justice to them in the reign of James II, it fell through on his abdication.

As time went on a cleavage developed between the landlords and their tenants in Connacht, which was accentuated through the operation of the Penal Laws. The Government facilitated the landlords in affording special and stringent legislation for the recovery of whatever rents were demanded, and the tenants in the West became impoverished upon their infertile lands through increase of population and continual sub-division. The tenants suffered hardships from landlords and their agents who by demanding increases of rent killed any motive for effecting improvements in farms. In the time of the Georges it became usual for landlords to live away from their estates and this tendency was accentuated by the Act of Union. The estates were left to be managed by agents who were obliged by their employers to make rents rise with their increased expenditure away from home.

The increase in the population of Connacht after the Williamite wars at the end of the 17th. Century (by which time the cordon round Connacht had become somewhat relaxed) was, however, slightly retarded by the smuggled emigration of young men to fill the gaps in the Irish Brigade serving on the Continent. After this was disbanded at the close of the French Revolution and prior to the advent of steamships and railways there was no thinning of the ever-increasing population (except by famine, disease, and Government penal transportation) and thus the poor Connacht peasantry increased and multiplied beyond the capacity of the land to support them in any degree of comfort. Still they struggled on as long as they could make ends meet, for farming was remunerative in the early years of the 19th. century owing to the demand and high prices for Irish

food-stuffs during the Napoleonic wars. But afterwards the people of the West were barely able to exist, the potato being their staple food. The population of Ireland increased from just over four millions in 1792 to about 8 ½ millions during the ensuing half-century, and naturally the West with its "long weak families" suffered the strain most.

Various partial famines recurred, culminating in the Great Famine of 1845-8 when the potato failed. The population of the country was reduced and the West was left broken and helpless. Wholesale emigration was then resorted to by the Government and by philanthropists to relieve hunger and suffering. The adult strong departed leaving the very old and very young peasants to continue the struggle, most of the young remaining only until those who had emigrated were able to send home the passage money to help them in turn to seek a better livelihood across the seas than they could get at home. Rents increased while prices for corn and cattle dropped below the standard of the previous war-time. The absolutely destitute were compelled to enter the workhouses erected under the Poor Law System introduced into the country a short time before (1838) and thus were the congested districts brought into the condition in which they were found by Mr. Arthur Balfour when in 1890 he as Chief Secretary for Ireland visited the West to see for himself how matters stood, and to investigate on the spot the causes of the Land War which had been raging for several years.

Up to 1869 other causes besides poverty contributed to the discontent of the people. Tithes or tithe-rent charges had to be paid for the upkeep of the Established Church, in which the vast majority of the people did not worship, and relief was only obtained by the Church Disestablishment Act of 1869. From that on, however, the main cause of trouble was the inability of the land-holders to pay their rents, and wholesale evictions followed. But a whole country cannot be evicted, and the Government faced the problem by the establishment of the Land Commission in 1881 to fix "fair rents," to compel landlords to cease from making arbitrary increases in rents and to restrict the power of landlords to evict (1).

Owing to legal difficulties in carrying out the spirit of the "fair rent" idea in the Land Laws, several amending Acts were passed, but it was soon apparent that these Land Laws were at best only palliative, and that the land of Ireland — and particularly the West of Ireland — under modern conditions of life was unable to support both landlords and tenants: one class had to go. The Government therefore decided in 1885 as a matter of policy to adopt a larger scheme of Land Purchase — a system which had been already adopted in a small way under the Acts of 1869, 1870, and and 1881.

(1) See the article on "The Fair Rent Provisions of the Irish Land Acts," by A. P. Magill, in the *Bulletin of Economic and Social Intelligence* of January 1914.

It is not germane to this necessarily short paper regarding the congested districts to examine very closely the several Land Purchase Acts (1) and the various financial and other schemes involved in the work of carrying out the bloodless revolution of transferring the land of Ireland from the *dual* ownership of landlord and tenant to the *single* ownership of tenant-purchaser, but it may be mentioned that the Act of 1885, associated with the name of a distinguished Irishman, the late Lord Ashbourne, was financed in cash, while the Acts of 1891 and 1896 were financed in land stock. The Act of 1903 was again a cash transaction, while the Act of 1909 was mainly a reversion to payments in stock. There is no doubt that *cash* is the most satisfactory method of procedure if practicable, but the difficulty was and is to raise it in such amounts and at such short notice as the purchase scheme of Ireland demands. Hence the Government have had to resort to stock finance with its disadvantages. It may here be stated that in the whole scheme of land purchase, Ireland has only the use of the credit of the United Kingdom of Great Britain and Ireland, for every shilling advanced under the scheme is to be repaid with interest by the purchasing tenants. And so far the British Exchequer has lost nothing in bad debts, while it is an interesting fact that in the congested districts — the poorest section of Ireland — there have not been any losses by failure to meet the Land Commission annuities.

§ 2. THE ESTABLISHMENT OF THE CONGESTED DISTRICTS BOARD.

When Mr. Balfour had completed his tour of the West and noted the condition of the people, he had in mind the districts that needed the special help it was proposed to give in order to lift them out of the slough of misery to which they had been condemned by the force of circumstances over which they had little or no control. In describing his experiences in a speech at Liverpool on the 19th November, 1890, Mr. Balfour said: "The general impression left upon a casual traveller is that you are dealing with a population not congested in the sense of being crowded, but congested by not being able to draw from their holdings a safe and sufficient livelihood for themselves and their children, whose condition trembles constantly on the verge of want, and when the potato crop fails, goes over that margin and becomes one of extreme and even dangerous destitution."

These were the people and the districts he wished the Government to help, feeling that in the light of history they had an equitable claim to special consideration by Great Britain, but the difficulty was to segregate the districts without arbitrarily selecting them. After considering several

(1) For articles relating to these Acts see the *Bulletin of Social and Economic Intelligence* of January, 1912, and June 1913.

plans he decided upon the ratio of population to valuation as the test of congestion to be adopted, and accordingly in the Land Act of 1891 establishing the Congested Districts Board it is defined that: "Where at the commencement of this Act more than twenty per cent of the population of a County, or in the case of the County Cork of either Riding thereof, live in Electoral Divisions of which the total ratable value, when divided by the number of the population, gives a sum of less than one pound ten shillings for each individual, those Divisions... shall form a separate County (in this Act referred to as a Congested Districts County)."

This definition brought in areas sparsely populated as well as congested ones with dense population, but the test failed to include several suitable areas for treatment.

Thus were established the congested districts as scheduled in 1891. The annual income placed at the disposal of the Board at first was £41,250, being interest at $2 \frac{3}{4}$ per cent. on £1,500,000 of the Church Surplus Fund consequent on the Disestablishment of the Irish Church. It may be noted that this Endowment was made from a purely Irish fund. In addition about £6,000 a year was provided from Parliamentary funds for the Administrative Staff. The administration of two small Loan Funds was also handed over to the Board — the Irish Reproductive Loan Fund, and the Sea and Coast Fishery Fund, amounting to about £66,000 and £18,000 respectively in cash, securities, and outstanding loans.

In the early years the Board's operations were regarded as being only experimental, for if the efforts failed in their objects the income was considered enough to risk, whereas if Parliament approved of what was done, more funds would be forthcoming. As it turned out, the Board's utility was very generally admitted and accordingly a new grant of £25,000 (gross) a year was made by Parliament in 1899 but on conditions that reduced it to about £15,000 (nett). A further increase of £20,000 per annum was made under the Purchase Act of 1903 out of the Ireland Development Grant; and as a result of the finding of the Dudley Royal Commission of 1906 the Board was reconstructed and made a corporate body in 1909 and the income was increased to £250,000 a year less £19,000 a year paid to the Department of Agriculture, as will be explained later on.

The Board now consists of 14 members, of whom three are *ex-officio* — the Chief Secretary, the Under Secretary, and the Vice-President of the Department of Agriculture and Technical Instruction. Nine are nominated and honorary members, and the remaining two are permanent members in receipt of a salary in respect of the duties discharged by them under the Congested Districts Acts. Under the Act of 1909 the extent of the area of the congested districts has been greatly increased over that scheduled by the Act of 1891, as shown on the map. The following Table gives some of the comparative conditions of the original scheduled area, of the recently added portions, and of the remainder of Ireland:

TABLE I. — *Area and Population of the Congested Districts.*

	Original Congested Districts (1891)	Congested Districts added in 1909 (including Towns)	Total Congested Districts in 1911	Rest of Ireland (including Cities and Towns)	Approximate ratio between present Congested Districts and rest of Ireland
Area (in acres) . . .	3,608,569	4,053,910	7,662,479	13,192,243	1 to 2
Population in 1911 . . .	466,372	594,486	1,060,858	3,329,361	1 to 3
Ratable Valuation 1911	£591,168	£1,787,242	£2,378,410	£13,235,603	1 to 6

It will be noticed that the Act of 1909 more than doubled the original area and population of the congested districts and that the present area is more than one-third of Ireland while the population is about one-fourth. The ratable valuation is, however, only about one sixth of all Ireland, thus indicating the relative poverty of the Board's districts. They are also mainly rural, the population of the towns only amounting to 85,391 out of the 1,060,858. There are only three towns in the congested districts with a population over 10,000, namely : Galway 13,255 ; Sligo 11,163 ; and, Tralee 10,300. This shows the absence of industries other than agriculture and fishing. At present the Board's resources are mainly devoted to operations under the land purchase and resale enactments.

Before dealing in detail with the efforts of the Board in reviving rural activities, it should be stated that the first step taken by the Board in 1892 was to institute a comprehensive survey of the economic condition of the scheduled districts — to form a base line from which progress could afterwards be measured, as well as to indicate the course of action which might be best suited for the different circumstances of the various districts, for the special characteristics of the localities have to be borne in mind in framing schemes of improvement. For example, the development of fisheries was obviously the work to be undertaken in one district, the improvement of agriculture in another, while in a third the undertaking of engineering works was necessary for opening up a backward locality and the assisting of steamer services was found to supply a necessary link in the chain of connection between isolated places and ports of distribution.

In starting operation the Board adopted the principle of " helping the people to help themselves." No mere charity or eleemosynary aid was given, and the establishment of " relief works " to alleviate temporary or exceptional distress, though frequently urged, was always refused. It was fully realised that such temporising expedients were only demoralising in their effect, and they formed no part of the programme of re-generation adopted by the Board. No project that was not considered likely to be reproductive directly or indirectly was supported. The Board's efforts were to raise the mode of life from the submerged condition to which it

had been reduced to that of a virile, progressive, self-supporting and self-respecting community.

The duties undertaken by the Board were divided mainly into sections appertaining to the purchase and resale of land; agriculture; fisheries; industries; works and miscellaneous undertakings. These again had to be subdivided as the exigencies of circumstances demanded, and taking the main divisions *seriatim* the following summary of the work accomplished will indicate the Board's objects and procedure.

§ 3. LAND PURCHASE AND RESALE BY THE CONGESTED DISTRICTS BOARD

In treating of the *land itself* as distinguished from the use that can be made of it, it should be mentioned that although the general powers given by the Act of 1891 to the Board at its inception were wide, and although the Act indicates the enlargement of holdings on the estates of private owners as one of the objects of its attention, the *purchase* of estates was not expressly authorised, and the Board could hold land only in the name of the Land Commission. The provisions of the Act of 1891 for amalgamation of small holdings *on private estates* was found to be inoperative, so in 1893 an Act was passed giving the Board power to acquire land for enlargement of holdings and to hold it by means of trustees.

In 1894 another Act was passed to enable the Board when selling an estate to give a guarantee to the Land Commission for the regular payment of instalments by the purchasing tenants. Thus no guarantee deposit would be retained by the Land Commission out of the purchase money. The Act also incorporated with the Congested Districts Board Acts the provisions of the Land Clauses Acts so far as they relate to the taking of land by agreement.

In 1896 the Land Law Act gave power to the Land Commission to make advances to enable the Board to buy estates. The advances were to be made in Guaranteed Land Stock, subject to an annuity of 4 per cent (consisting of $2\frac{3}{4}$ per cent interest and $1\frac{1}{4}$ per cent sinking fund). This Act put a difficult restriction on the Board as regards re-sale of their lands, for it provided that the Land Commission should not make an advance to a tenant to buy a holding unless the ratable valuation was over £10. Most of the holdings in the congested districts were "small holdings" (i. e., under £10 valuation) and the Board could not then obtain sufficient untenanted land to bring all their tenants' holdings up to £10 valuation, owing, among other things, to the operation of Section 40, which gave temporary tenants a priority in buying their holdings in the Land Judge's Court, thus preventing such lands from coming into the possession of the Board who would have used them for the enlargement of small holdings. The Board could not, therefore, expect to be in a position to re-sell much land through the Land Commission and of course the disqualified tenants had not cash to buy direct from the Board. The disability was removed

by the Act of 1899 which suspended the operation of Section 40 on the Board making an offer to purchase an estate in the Land Judges' Court, thus preventing a "Court tenant" purchasing grass lands until the Board's offer for purchase of the estate had been considered. The Act also enabled the Land Commission to make advances for redemption of the head rents affecting estates purchased by the Board. This had formerly to be done by cash out of the Board's slender income. The Act also removed the barrier as to sale of "small holdings," and increased the Board's income by about £15,000.

The next Act passed for the Board was the Act of 1901 which gave them power to deal with a tenant who obstructed the re-arrangement of holdings on estates purchased. The Act further empowered the Board to enter on non-judicial holdings to make arrangements as to turbary, etc., — a fruitful source of trouble in the West of Ireland. The Purchase of Land Act (No. 2) of 1901 deals with the annuity payable on a holding to which lands had been added —treating as *one* holding the old portion and the enlargement.

The most important of the Land Purchase Acts so far was that of 1903 which reverted to cash advances instead of land stock, gave vendors a *bonus* of 12 per cent on the purchase-money of estates sold, to facilitate negotiations for sale of *estates*, as distinguished from *holdings* (the system heretofore in operation) and enabled a vendor when selling his estate to obtain an advance to repurchase his demesne as if he were a tenant. The Act further placed a limit on advances for purchase of Court lettings in the Land Judge's Court, increased the maximum limit for county advances, reduced the annuity payable by tenant purchasers to $3\frac{1}{4}$ per cent. (interest as before at $2\frac{3}{4}$ per cent., but sinking fund at $\frac{1}{2}$ per cent) for $68\frac{1}{2}$ years at a uniform rate instead of 4 per cent as formerly with decadadal reductions, enabled the Board to settle accounts with the Land Commission after sale of each estate instead of by county groups as formerly, facilitated re-sales to tenants, and added £20,000 to the Board's income. This Act was most successful in causing numerous landlords to agree to enter into negotiations for the sale of their estates, but unfortunately it did not sufficiently secure priority of attention to the claims of the congested districts. The new annuity of $3\frac{1}{4}$ per cent had some years before in the case of Clare Island been devised by the Board, who saw the advantage of reducing the sinking fund rate to $\frac{1}{2}$ per cent and enabled sales to be arranged at a $3\frac{1}{4}$ per cent annuity that could not have been brought about on the old 4 per cent basis.

The Land Act of 1904 sanctioned the payment of the bonus to landlords who were tenants-for-life for their own use and benefit, freed from any trust or other claim. This had the effect of stimulating sales of estates which had been retarded by tenants-for-life.

Owing to the success of the 1903 Act outside the congested districts delay occurred in paying landlords their purchase-money and the Treasury would not continue to make prompt cash advances for financing sales as fast as they were arranged.

The Act of 1909 accordingly re-introduced payments in Land Stock at $3\frac{1}{2}$ per cent. (interest 3 per cent. and sinking fund $\frac{1}{2}$ per cent.). It

re-constituted and increased both the powers and income of the Board as a result of the Inquiry held from 1906 to 1908 by the Dudley Royal Commission on Congestion. The Board's income was raised to £250,000 a year, of which £19,000 is paid to the Department of Agriculture and Technical Instruction for Ireland to meet expenditure in connection with the powers and duties transferred to the Department from the Board under Section 47—viz.:

- (a) the provision of seed potatoes and seed oats;
- (b) agricultural instruction or practical husbandry: and
- (c) aiding and developing of forestry, or the breeding of live-stock or poultry.

The 1909 Act created a scheme for advances for purchase either in land stock, or cash, or partly in each, the intention being to settle priority and facilitate the completion of sales where cash to pay off the vendors would not be provided by the Treasury for several years to come, under the terms of the Act 1903. The fixed 12 per cent. bonus was altered to one on a sliding scale varying up to 18 per cent. and details were revised as to limits for advances, as to turbary, etc.

It will convey some idea of the magnitude of the Board's operations in connection with the purchase, re-arrangement and re-sale of lands to give the following summaries up to the 31st. March, 1914:

TABLE II. — *Estates purchased or offered for sale between 1891 and 31st March, 1914.*

Period	No. of Tenants	Area acres	Estimated Purchase-price
			£.
(a) Purchased under Acts prior to 1909	15,727	497,484	2,260,551
(b) Purchased under Act of 1909	29,737	1,178,698	3,983,329
(c) Offered for sale since 1909 but not yet purchased	22,800	904,975	3,820,325
Totals	68,264	2,581,157	10,064,205

TABLE III. — *Estates re-sold by the Board up to 31st. March., 1914.*

Period	No. of Tenants	Area	Resale prices
			£.
Prior to Act of 1909	9,371	246,394	1,167,846
Since Act of 1909	3,497	93,758	571,301
Totals	12,868	340,152	1,739,147

Since the Act of 1909 the greater number of the Board's Estates Staff have been engaged upon operations and arrangements in connection with *purchase* of Estates which were offered for sale and for which it was considered desirable to settle terms of purchase without delay. As the negotiations for purchase are now drawing to a close in the majority of cases of estates offered, it is being arranged that more rapid progress shall be made henceforth in carrying out improvements and re-distributing lands for *re-sale* to tenant purchasers.

§ 4. REDISTRIBUTION OF HOLDINGS.

So much for the Board's operations in the handling of the land itself and aiding in the transfer from the dual to the single ownership in a way which will, as far as it is possible, allow the new peasant-proprietors to make a living out of their land. But the Board are fully aware that many of the purchasers cannot live on the produce of the land alone, because there is not enough land in Connacht for enlarging holdings so as to give every tenant-purchaser a holding out of which alone he can support his family. The improvement of house accommodation and the provision of out-houses for live stock by means of a scheme of free grants and loans to tenants will be some of the most important results of the Board's work.

Therefore the Board have to exercise a discretion in the allotment of land — a task that is made easier by a prohibition in the Act of 1909 against giving land to *landless men*, the only classes to which the Board can give holdings being tenants, tenant-purchasers and herdsmen.

Before referring to the Board's efforts to develop husbandry and the conditions of life *on* the land, it may be pointed out that in the West the people have for generations in several hundreds of cases been unable to live on the patches of poor land they held — rarely in one compact lot, but divided and sub-divided among families from time to time at rents varying from a few shillings to a few pounds. With these holdings there are usually rights to cut turf for fuel and sometimes for sale, while on the sea board there are rights to cut sea-weed for manure as well as to burn for kelp manufacture, and there is also frequently some grazing or commonage appurtenant. On the sea-board, too, the resources are augmented by fishing and by the cheap carriage of foodstuffs, etc., while there and elsewhere there are weaving, knitting, lace-making, and such home industries to help the family in making a living. Other subsidiary sources of income, varying according to localities, are the English and Scotch harvesting operations and gifts from relatives abroad. A substantial addition to the comfort of the "congests" for the past few years is the Old Age Pensions, of which the West gets a large proportion owing to the poverty and longevity of the people. Referring to the British harvesting and other work the receipts may average about £10 per man profit at the end of the season.

To return to the Land Purchase procedure, the several Acts enable the Board by advances from the Land Commission to buy out the landlords, and the Board then devote a part of their income to various improvements on the estates, the work being done under the supervision of Inspectors by the tenants and their families. When the estates are ready for sale they are sold to the tenants at prices which recoup the Board for about half of the money spent on improvements. It is estimated that the irrecoverable expenditure in estate improvements will amount to about £100,000 per annum. Sales to tenants are made through the Land Commission and the Board's advances for purchase are cancelled by the advances (loans) made to tenant-purchasers. Thus the Board are intermediaries or agents in bringing about the purchase, improvement, and transfer of estates from landlords to small tenant-purchasers, the land and the social and economic condition of the people being improved while the estates are in the Board's hands. Of course the Board have to buy relatively good estates in certain localities in order to have untenanted lands to enlarge small holdings in the neighbouring district ; but when holdings are comparatively well-circumstanced there is no need for the Board to intervene and the owners may, and in some cases do, sell *direct* to the tenants through the Estate Commissioners without reference to the Board.

The fact of holdings being small in size is not the only drawback in settlement, for sometimes holdings by the repeated splitting up among families become under the "rundale system" exceedingly complicated and involved. A patch of a few acres in area might be made up in some cases of as many as 30 to 40 detached plots without any sufficient boundaries, being only marked by stones or a strip of grass — some plots being as far away as 3 miles from the tenant's house. It is obvious that any attempt at a proper system of agriculture is exceedingly difficult, if not impossible under such circumstances. In dealing with these cases the Board has to value all interests and re-divide the entire estate into new compact holdings as far as practicable. It may be remarked that under the Land Purchase Acts while lands are subject to the control of the Land Commission sub-division is illegal.

A matter of prime importance in the redistribution of land among small landholders unaccustomed to manage good farms is that if, after purchasing, they were left to work out their own economic salvation on enlarged holdings without any guiding influence or advice as to the management of their farms under their new circumstances, the increase of land merely would only half-equip the new tenant purchasers. But the Board make loans to tenant-purchasers for purchase of live-stock, for improvements in dwellings, etc. (loans to over £10,000 for house improvements have been made) ; and by arrangements between the Board and the Department of Agriculture and Technical Instruction, the Department is arranging to supply agricultural instruction for the owners of the new holdings. This co-ordination of the two Departments appears to be well calculated to make the most of the operations of the Land Purchase Acts, and to render the practice

of agriculture in the congested districts as skilful and profitable as it is practicable to make it.

§ 5. IMPROVEMENT OF HOUSING.

The housing conditions of the people have always received special consideration owing to the importance of the subject in the work of regeneration.

Until the inhabitants of the Western districts are provided with clean and healthy homes, with proper out-offices for the live-stock, instead of their present insanitary dwellings, no substantial improvement could be expected in the general tone of life.

The following figures will show the work done by the Board and their tenants and the amount of money spent on housing :

TABLE IV. — *Money spent on housing improvement.*

Number of new houses erected by the Board on their estates	1,956
Number of new houses erected by Board's Tenants with assistance from the Board	1,523
Number of houses improved by tenants with aid from the Board	2,880
Total amount spent by the Board in grants and advances to tenants for new houses or improvements in existing ones on Board's Estates	£427,112

Nor are the Board's efforts to improve housing conditions in the congested districts confined to the estates which pass through their hands. They have devised a plan for "helping the people to help themselves" under what is known as the *Parish Committee Scheme*. In this the Board set apart out of their income a lump sum and apportion it for the benefit of the parishes in their area, the annual expenditure on the scheme at present being £20,000. A local Committee, comprising clergy, doctors, rural district councillors and six elected persons, is formed to administer the grant given to the parish under regulations prepared by the Board. This Committee selects from among the applicants for aid a number of the poorest landholders below £7 ratable valuation and votes grants for approved works — usually the building of new or improvement of old dwellings, the addition of a room to a house, the building of out-offices, etc.

In making selection of recipients for grants, the Parish Committee are instructed to adopt the cases where the people are most in need of aid and make the best offers by their own work to carry out improvements — the more the tenant binds himself to do the better chance he has of obtaining a grant. Under the rules no one can get assistance who does not offer to turn out a job worth in capital value at least 3 or 4 times the amount

of the grant, and the competition for grants may bring out work worth from 5 to 10 times the value of the sum voted. Thus the spirit of self-help is fostered and the best efforts of the people drawn out to improve their housing.

Roughly the advances made are intended to barely cover the out-of-pocket expenses for purchase of materials or wages of skilled labour (masons and carpenters, etc.) all the rest of the work being done by the family of the grantee. Many a poor landholder would in days gone by with or without the aid of a mason or carpenter be anxious to put up an outhouse if he could purchase the timber or roofing materials, but the work remained undone and he continued in miserable surroundings for want of the ready cash to start the work and owing to a fear that he would be charged more rent on account of the improvement of his holding. For it must be remembered that the custom in Ireland (differing from the English system) is for the landlord to merely let the soil and the tenant has to do everything in fitting up buildings, fences, etc. The Board's Parish Committee in this way supplies the necessary motive power to stimulate improvements in social and material well-being.

The following is a summary of the work of the Parish Committees. It should be noted that these grants are made apart from the Board's estate-improvement schemes.

TABLE V. — *Grants under the Parish Committee Scheme for Housing Improvement.*

Number	Amount of Grants paid to Recipients	Estimated value of the work done for the sum paid as im previous column	
		£	£
New dwellings erected	1,116	5,590	40,996
Improvements to existing houses	27,151 *	36,585	152,101
Total	28,267	42,175	193,097

(*) Under the scheme several grants may be made from year to year towards gradual improvements to the same house or out-offices.

The Board have also a scheme for granting loans to *tenant-purchasers* of holdings not exceeding £7 ratable valuation who desire to undertake the erection or improvement of houses after they have purchased their holdings, either through the Estates Commissioners or through the Board. It was found that in many cases tenants who were not properly housed

at the time they bought their holdings were afterwards anxious to come into line with their neighbours who had improved their dwellings under one or other of the Board's schemes, thus showing the stimulating effect of seeing the houses around them improved. The Board, therefore, in order to meet the desire of these people decided to lend them money on solvent security. The scheme has only been in operation a short time, but so far the following cases have been dealt with:

TABLE VI. — *Loans to Tenant-Purchasers for Housing Improvement.*

	No. of Loans	Amount lent
New Dwellings erected.	245	£7,852
Improvement to existing dwelling.	156	£3,133
Totals	401	£10,985

It is thus seen how the effect of a healthy rivalry creates or increases a desire of the people to improve their dwellings and surroundings. People who remember the condition of the houses and farms of the West about 20 years ago and compare it with that of to-day testify to the wonderful improvement they see in the appearance of the whole face of the country. As proving the extent to which the general impression of the observer is borne out by a house-to-house survey, attention is drawn to the Returns of the Census Commissioners regarding Housing for 1891 and 1911 which when compared show that in the rural districts of the Counties Donegal and Kerry, and of Connacht there is an *increase* of 21.5 per cent in the number of first class houses while there is a *decrease* of over 5 per cent. in the 2nd. and 3rd. class, and a *decrease* of 78.4 per cent. in the number of fourth (or worst) class of houses! This last figure is very remarkable and points to a marvellous improvement in the home surroundings of the congested districts which cannot fail to have an up-lifting effect on the habits as well as physical condition and social well-being of the people. It shows what can be, and has been, done by the Board, local bodies, and the people working together to improve housing accommodation; and when people are decently housed improvements in other respects inevitably follow.

§ 6. IMPROVEMENTS IN AGRICULTURE, LIVE-STOCK ETC.

Apart from the Board's dealings in *the land itself* in the earlier years of their work, they gave (having regard to their small income) earnest attention to the advantages accruing from improvement in the breeding of horses, donkeys, cattle, sheep, pigs, and poultry, in bee-keeping, and also in giving practical instruction with the object of improving the

methods of cultivation in the congested districts. Itinerant instructors were appointed, example plots were cultivated, and example holdings fully worked, all operations being clearly explained for the information of the neighbouring farmers. When the Local Government Act was passed in 1898 and the Department of Agriculture and Technical Instruction established in 1899, it was found that there would be over-lapping if the Board and the Department were to continue working in the same localities. The Board could not legally operate *outside* the congested districts, the Department could not legally expend their funds *inside* the congested districts, and the new County Councils could not levy rates for County Agricultural Committees to spend on agricultural schemes except over entire county areas comprising both congested and non-congested areas. Accordingly a working arrangement was made by which the entire work of agricultural development in the congested districts was taken over in 1904 by the Department of Agriculture, the Board paying a fixed sum to defray the cost of the work undertaken in the congested districts. This subsidy was reconsidered when the congested districts were enlarged in 1909, and it was fixed for a term of years of years at £19,000 per annum under the Land Act of 1909, when the work was by Section 47 formally transferred to the Department, as already explained.

The Board's efforts for agricultural improvement were necessarily small as compared with the systematic and comprehensive schemes instituted by the Department with their larger funds and their staff of highly trained agriculturists. Every year benefits are being conferred upon farmers, among which may be specially mentioned the provision of veterinary surgeons and the establishment of veterinary dispensaries in parts of the country where such advantages had not existed.

In a short paper like this the details cannot be stated of all the Board's live-stock schemes, one of the most interesting phases of their work. Besides, the transfer of these duties to the Department of Agriculture would more properly place a record of the results obtained within the scope of a report on the Department's activities. The Board took steps to improve the breed of live-stock by importing hardy strains, and improved poultry, both for table and laying, by crossing the home-breeds and exchanging eggs, to avoid the evils of in-breeding. Bee-keeping was given special attention owing to its peculiar suitability as a cottage industry, and the capital required is so very little while a very high percentage of profit is obtainable. It has been estimated that one hive may in a good year produce as much profit as a pig.

§ 7. THE FISHING AND ALLIED INDUSTRIES.

In order to be in a position to decide upon plans for improving the condition of the residents of the congested districts littoral, the Board first examined the condition of affairs along the whole western sea-board from

Donegal to Cork, and they found that while in the counties south of the Shannon the fisheries were in a fair state of development, so far as markets and transit facilities were concerned, allowing for the difficulties in landing fish, in Connacht and Donegal the transit and market arrangements were defective, as well as the landing accommodation. Along the whole coast there was a dearth of capital to provide boats and gear to properly work the fisheries, and except in a few places there were no fleets of decked fishing boats such as were worked regularly in Irish waters by French, Dutch, Manx, and British fishermen. This survey enabled the Board to deal with local suggestions and applications for aid of various kinds.

As regards suitability for the Coasts where there are no natural harbours capable of accommodating large boats, it may be mentioned that open boats that can be hauled up on a beach are more suitable for the local fishermen (who are usually also small farmers) than either yaws or large boats requiring shelter, because the crows can carry the light boats to safety, whereas heavy boats would have to take their chance lying at anchor. In stormy weather — and the West Coast is open to all the force of the Atlantic gales — the anchored boats are sometimes driven ashore and smashed while open boats and the "curraghs" (or small canvas-covered canoes) are deposited high and dry. Hence these canoes, though they may look primitive, are found to better suit the requirements of the fishermen-farmers than large boats. These men have little capital and do not fish all the year round. It would not pay them to invest capital in large boats, even if they had it, for unless fishermen who go in for such boats continue at it all the year round, and make it their sole occupation, they cannot make fishing pay a proper dividend on their outlay. The canoes cost very little, and therefore suit the class of men who use them when fishing seasons and weather warrant. But they often pay in results as high remuneration for work done as if the men were engaged during the same time as "hands" on board a big fishing boat. They will for this reason continue to be used, even though there has been a revolution of late years in the working of large boats.

With the object of encouraging fishing, the Board in many instances met local demands by erecting piers, slips, and quays to provide means of landing fish and giving boats reasonable safety.

In considering the fishing industry, a broad line is drawn between "freshing," or the marketing of fresh fish, and the curing or preservation of fish for export as well as home trade. "Freshing" can only be carried on where there are regular and quick means of transit, chiefly to the English markets, the principal sources of consumption. This trade involves much preparation — fish boxes, ice, ice-hulk, etc. — and in their operations the Board provided all necessary plant and started fresh-fish centres, notably for spring-mackerel fishing at Aran Islands (Galway Bay), and some mainland centres in Galway and Mayo, the fish being despatched over the Midland Great Western Railway system to Dublin and thence to England. The Board's object was not to become fish merchants themselves but to afford an object-lesson in starting the

industry, to demonstrate that it could be made to pay. Having done this, the Board retired, and now there are fish-merchants carrying on the trade on commercial lines. To aid the industry, the Board subsidised a few steamer services from outlying places to the railway.

In the cured-fish trade on the other hand much capital has to be sunk in providing the necessary curing-sheds, stores, salt, barrels, hiring of coopers and curers, etc. Having done this at several centres where curing was previously unknown or forgotten, the Board leased or sold their stations and left the development of the industry to the enterprise of commercial fish-curers. The result has been most encouraging, particularly in County Donegal where the headquarters of the Board's herring-trade is located. At Downings Bay in a few years they converted a poor locality where a cured fish trade was unknown into one of the busiest of herring-centres, and fleets of over 200 Scotch and Irish boats have made the place a hive of industry, giving employment to great numbers of men and women. And considerable employment is also given in carting the fish. The herrings taken off the Donegal coast and cured at Downings at first won the highest place in the world's markets and were specially sought for at the leading foreign centres of consumption but as the steam-drifters came to the coast in recent years and intercepted the shoals out at sea, the quality of the herrings has sunk nearer to the average, as the Downings herrings in earlier years did not acquire their peculiar quality until they had arrived close to the shore.

Various kinds of fish-curing are carried on in the Board's stations according to the class of fish found in the locality (cod, ling, etc.), but the herring and mackerel from the industrial point of view are those out of which the biggest earnings are made by fishermen and fish-merchants.

In these ventures of pioneer fishing and curing, the Board had to risk loss, and some big reverses have been sustained here and there by the loss of boats that could not be insured, but the Board consider it part of their duty as pioneers to test the different fishing centres in the congested districts and thus encourage the people to embark on new grounds when it has been proved that they are safe, or at least hold out reasonable prospect of success.

One of the important functions of the Board is to make loans to fishermen to enable them to procure suitable boats and gear with which to pursue their calling. In no case do the Board advance cash to a borrower. They either purchase what is required and hand it over to the fisherman on receiving proper security for repayment of the loan, or arrange to allow him to purchase where he wishes and then pay the account direct on proof of delivery, usually in the presence of the local representatives of the Board. Loans are also made in special cases to assist in fish-curing operations, and the Board occasionally import cargoes of barrel-making materials, selling them on credit along the coast to curers on a quick-repayment system. By these means the Board are slowly working small but enterprising merchants into a position of being capitalists capable of largely extending their trade.

Another and more complicated system of aiding fishermen to become owners of large boats is to enter into an arrangement known as the "share-system." Under this procedure the Board supplies the boat and gear to a selected crew who undertake by an agreement to work the boat; and the proceeds of the earnings are divided into shares, the agreement running until the Board's share of proceeds repays the purchase outlay, when the boat and gear become the property of the crew. The Board retain plenary powers of dealing with the crew while the agreement is in force, in order to ensure proper discipline and control of the boat and its operations. An instructor is placed in charge who acts as "skipper" of the boat as well as teacher of the crew. This system was first tried in Donegal and was found very successful in the case of decked sailing boats until the advent of *power* fishing boats, since when the crews of sailing-boats have not been so successful.

In developing the fishing industry, the Board have had to make arrangements for training men as fishermen, and in the case of large boats intended to proceed to deep-sea fishing-grounds, they had to train them to be sailors as well as fishermen. Many of the men had never seen a compass until taught its use on the Board's boats, but they soon became proficient in their new sphere of activity. In the early years of the Board's work they engaged experienced Scotch fishermen to teach the local crews, and the instructor was made the skipper of the boats (whether loan or share-boats). Now many Irish fishermen are fit to act as instructors for young crews. In addition to instruction in fishing and fish-curing, the Board have classes for instruction in net-mending, and mounting of nets, but this subject is now included in the routine of fishing and all crews have to prepare and care their own nets.

During the past quarter of a century the fishing industry has kept pace with the progress in ship-building generally. The introduction of steam-trawling was followed by the building of steam-drifters and motor-boats and the time is fast approaching when the old-time sailing craft will be "crowded out" of competition at large fishing centres by the various forms of modern power-boats. Even sailing craft are being fitted with steam capstans for hauling nets and gear. To keep up to date with the times, the Board have procured for experimental purposes, and as instruction-boats for the training of crews, various kinds of steam-drifters and motor-boats and in the light of their experience (which they place at the disposal of local fishermen) they make loans to enable enterprising fishermen to fit out motor-boats of a suitable design.

To meet the demands of the increasing fishing industry the Board opened some boat-building yards under skilled instructors and designers, and also sent instructors to work in private yards to aid local builders in designing and building fishing boats, the idea of the Board being to give instruction rather than to make money in boat-building. Another form of the Board's activities in assisting mackerel and herring-curing was to open barrel-making workshops under skilled coopers who took in local hands as apprentices to be trained. In course of years there have been numerous

men trained who are now working as coopers and curers, and the barrels made in the Board's workshops are sold to local fish curers when their own stock of barrels runs short.

For assisting the Board to carry on satisfactorily their various fishery operations, and for providing a ready way to inspect the coast work of the staff, it was considered desirable to build a special steamer suitable for cargo-work and at the same time possessing sufficient accommodation for those employed in inspection duty. She also does some police duty in preventing illegal trawling in prohibited areas, the responsibility of this public service being under the Department of Agriculture.

One of the side-issues of fishery development is the necessity of looking after the social well-being of the men, and coffee stalls were opened at some places where fishermen could be supplied with tea, coffee, etc., and have accommodation for letter-writing and social intercourse. These stalls are much appreciated by the men, especially those away from home.

The results of the Board's operations in developing the fishing and allied industries have been far-reaching, for not merely is work found for the men, but also for their wives and daughters who obtain employment on shore at cleaning, salting, packing of herrings and mackerel. Indirectly all the local people benefit by the circulation of money, and the general standard of comfort is raised. There is an increased demand for food-stuffs and thus even the farmers and shopkeepers in the neighbourhood benefit from the development of a fishing centre in their districts.

§ 8. COTTAGE-INDUSTRIES AND OTHER INDUSTRIAL DEVELOPMENT.

In this branch of their administration, the Board decided to devote their energies to fostering and initiating home and cottage industries and domestic training. Weaving, spinning, knitting, embroidery, and the making of various descriptions of lace and crochet work thus came in for attention. In County Donegal where the home-spun woollens had obtained some celebrity, the Board encouraged the industry by giving premiums for high-class work, and the weavers competed keenly for the "stamp" of the Board, which was affixed to an approved web after a careful examination and measurement of the whole piece by the Board's Inspector of Home-spuns.

In County Mayo the Board assisted a newly established woollen factory at Foxford nearly 20 years ago by making a loan to develop the factory. The result was most gratifying, for the repayment instalments were made regularly for several years, and the balance outstanding was paid up some years ago. The factory is now a commercial success and is giving a large amount of local employment where none existed before.

In County Donegal facilities were given for the erection of buildings to enable a Scotch firm (Messrs Morton, of Darvel, Ayr) to start a branch of their hand-tufted carpet factory. This venture has also been most suc-

...cessful, the Irish "hands" being found most capable, intelligent, and satisfactory in every way. New branches have been formed in the county by the firm, who are pleased with their experiences of the Donegal peasantry. A lace curtain factory was subsequently started by the same firm in Connemara, and it was aided by the Board paying the salaries of some Swiss instructors brought over to train the local workers.

In lace making, embroidery, fine-knitting, and kindred industries the Board establish "classes" under salaried teachers to instruct the girls of the locality who attend. The teachers market the output with the assistance, when desired, of the Board's Inspector of Industries, who keeps up his knowledge of markets and of the changes of fashion, the workers being thus in touch with the latest designs on the Continent and in America, so that the up-to-date demand may be kept supplied. Of late one district has taken up the knitting of soft woollen golf-coats, which happen now to be fashionable, and they find a ready sale at good prices. In most districts the girls are, as fashions change, able to adapt themselves to new work. There are over 100 lace, crochet, embroidery and similar classes working with a turnover of about £30,000 per annum.

It is only in the poorest parts, where farm-work is not extensive or pressing, or where other more profitable sources of earning do not exist, that the girls can spare the time, or poverty supplies the incentive, to take up lace-making and other needle-work and make it remunerative. The earnings of the girls vary of course according to ability and the time spent at the work. The greatest drawback to such industrial earnings is that they are very frequently used to enable girls to emigrate to the United States of America.

Another form of class instruction is that for domestic training, at which, however, no earnings are made. The Board have a staff of nine itinerant instructors who are sent to centres to give a four-months' course to the local girls. The classes are then moved on to the next selected centre. These classes are very successful, for they bring home to girls in backward places an education that would otherwise be beyond their reach. The girls appreciate these classes so much that they often walk some miles a day to attend. As the cottages in which the girls live give them no opportunity of learning the requirements of domestic service in ordinary or large houses, these girls when employed were heretofore only fit at first for the roughest household or farm work at low wages. Now after a course of instruction they can, at a better rate of wages, take on a higher grade of work requiring a knowledge of cookery, laundry and general housewifery.

The primary object of the course is to improve the homes by training the girls in habits of neatness and order as well as in the acquisition of useful information, thus raising the standard of ideas as to comfort and health. With technical knowledge, girls are enabled to earn better wages as servants if they leave home, or to use the knowledge in their own homes if they remain. Even if the girls emigrate they are able to obtain situations at higher wages than if they went into service as "green hands." They have then more money available to send home to the old people and

in this way the relatives at home indirectly benefit from the domestic training as well as the emigrants.

The Board have helped some other industries such as basket-making, home carpentry, etc., and they pay the fees of pupils in technical schools to learn such crafts as are likely to aid them in becoming wage-earners and useful citizens. Under the head of "Technical Instruction" the Board include the salaries of Fishery Instructors and the various classes of teachers engaged in imparting knowledge to enable pupils to start in industries which would be closed to them without such technical skill. There are at present two itinerant carpentry instructors and during winter when work is slack in the country the Board employ four other instructors to teach boys home and farm carpentry so that they may be able to do work at farm buildings, construct rough carts, and make home furniture suitable to their wants and surroundings.

The question has been seriously considered by the Board and discussed with the Department of Agriculture and Technical Instruction whether the Board ought to continue to provide instruction in domestic economy and in carpentry. Both the Board and the Department agree that such educational work falls within the province of the Department, but so far arrangements have not been made for handing it over to the Department, as each body finds a difficulty in agreeing to the financial settlement proposed by the other on a transfer of the work.

§ 9. ENGINEERING WORKS.

On completion of their first survey of the congested districts, an outstanding need was apparent for the erection of piers, breakwaters, boat-slips, and beacons or lights, to develop fisheries and afford transit facilities; for the making of roads to open up communication between the outside world and backward parts of the scheduled area, the erection of bridges over rivers which formerly had to be forded, the carrying out of main drainage operations to reclaim lands and the cleaning of rivers and old drains to save districts from perennial flooding. These operations involved the appointment by the Board of an engineering staff who, having executed the most urgent works the Board had in mind, were in course of time transferred to the Department of Agriculture, which had some time previously been established and required such a staff to carry on work outside the congested districts.

Of late years the Board have a working arrangement with the Department by which the services of the staff are lent to the Board at fixed rates to carry out any small works which have been decided upon by the Board. In the early years the Board themselves undertook the *entire* cost of the most urgent work, carrying them out either departmentally or through a contractor, but of late years they are slow to undertake engineering works unless the localities concerned are willing to contribute towards the cost and thus

prove the necessity for the work. Usually such works are now undertaken by the county authorities, the Board granting a proportion of the cost — say one-half or one-third, according to circumstances — the remainder being raised by local taxation. Since the establishment of the Board they have spent £99,596 on marine works, and £76,994 on inland works of various kinds, making a total sum of £176,590.

Owing to financial and legal difficulties the Board have not been able to carry out arterial drainage outside their own estates to the extent they would wish, for no work would be more reproductive or add more to the agricultural value of the land. The Board, however, did carry out a few extensive schemes on their estates in the County Mayo while re-arranging and preparing them for re-sale to the tenants. Over £20,000 was spent in this way reclaiming and improving lands, and it is estimated that the money spent on the works will earn a "dividend" for the localities of over ten per cent. per annum in increased value to agriculture. A Vice-regal Commission in recent years reported on the subject of Drainage in Ireland and the Board await legislation to enable them to start operations in this fruitful field for improvement of the soil, subject to funds being available. Meantime the Board and the Development Commissioners have formulated a scheme to cost about £15,000 in County Sligo, the Commissioners lending £12,000 repayable in 20 years without interest, the Board to carry out the scheme as contractors to a Drainage Board to be created by the Board of Works and bear all cost over the amount of the loan, the work to be done as usual in such cases under the Drainage Acts through the Board of Public Works.

The Development Commissioners are further co-operating with the Board by voting liberal grants to enable large engineering works to be carried out at selected centres, and a loan to the Board is also being made by the Commissioners for the building and equipment of power fishing boats.

§ 10. MISCELLANEOUS SCHEMES.

Apart from the various schemes under the several heads mentioned, the Board carry out certain financial arrangements to aid generally in their procedure. For instance under the Workmen's Compensation Acts they underwrite their own risks since they have developed large undertakings involving the employment of large numbers of workmen, instead of insuring through an Insurance Company as they did formerly when the number of men employed was small. On similar lines, the Board carry on a livestock insurance under which owners of stock who place animals on the Board's lands for grazing can be protected by payment of a small premium from what would probably be a crushing loss in the event of death of animals.

The Board make grants to the Post Office on foot of guarantees to enable that Department to open telegraph offices, money order offices, and post offices in backward places with a view to bringing the inhabitants into touch with modern commercial connections, thus facilitating the development of business. This is particularly the case in the fishing centres where telegraphic information as to the prices of the day in the leading markets is of prime importance, and sales can be arranged by telegraph.

Another item of the Board's miscellaneous work is the building of a few nurses' residences in out-of-way places to bring the people within the benefits of the Lady Dudley Nursing Fund. It is difficult to estimate the advantages of this scheme to the poor who are far distant from regular medical assistance, and the nurses are greatly appreciated by the dispensary doctors and the people in the districts where they are employed.

* * *

The foregoing is a summary (though not an exhaustive one) of the leading features of the Board's various activities in improving the condition of the people of the congested districts. The writer desires it to be understood that his views are personal regarding transactions in which he has always taken the deepest interest, and that the article is not written as representing with any authority the ideas of the Board.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

BULGARIA.

Статистика на Земеделската Собственостът прѣзъ 1908 година. Книга I. Притежания по околии и окрѣзи (Главна Дирекция на Статистиката) Софія. Държавна печатница 1914. (*Statistics of Landed Property in Bulgaria for the Year 1908. Volume I: Holdings classified according to Arrondissements and Departments. Published by the General Statistical Department of the Kingdom of Bulgaria*). Sofia, 1914, State Printing Press, Large Quarto. pp. XVIII + 108, with ten maps and diagrams in addition to the Text.

Under the above title, the Bulgarian Statistical Department has just published the first part of the results of the last general census of landed property taken in the first half of the year 1908, after considerable delay occasioned by the Balkan wars.

This is the second census of landed property taken since the proclamation of the independence of the country, the first having been taken in 1897.

In both instances the same method was followed, that is to say separate forms were sent out for each landholder. These forms were filled in, not by the landowners themselves, but by the mayors of the communes, who received special instructions for the purpose. There were no other census agents employed. The information for filling in the forms was taken from the land registers kept in each commune for purposes of the land tax.

In the same way in 1897 the land holders were divided into two classes, local and not local, the former holding land in the locality inhabited by them, the others in some other commune.

The census extended to all holdings cultivated, registered in the land tax registers, the entries in which correspond with declarations made in 1905 in accordance with the land surveys of 1903. To the private holdings are added those of the communes, churches and schools and others of public property and generally all those exempted from taxation by the law, including the domains of the State.

The census was taken on January 1st., 1908, and the information entered on the forms refers to the state of the holdings at that date. The examination of the census papers terminated about the end of March, 1909, and, about the end of April, 1911, the preparation of the material was complete. Some preliminary results were published that year in June.

The results prepared for the press will be published in four volumes. The first, with which we are here concerned, gives the general results of the census of holdings, according to arrondissements and departments, showing both the number and area of the holdings possessed. The second volume will contain similar information, according to localities, the third will show the distribution of the land among the land holders and the fourth will consist of a study of the figures published in the three earlier volumes.

Let us finally add that in addition to the data furnished by the census for 1908, the present volume also contains those for the year 1897, in order that a comparison may be made. This, together with the fact that the text and headings are printed in French as well as in Bulgarian, will greatly facilitate the study of the results obtained and enable the attentive reader to form as complete an idea as possible of the development and rural economy of Bulgaria, as well as of the considerable progress made in the short period between the two censuses.

Let us hope that the crisis Europe is passing through at this moment will not prevent the Bulgarian General Statistical Department from publishing the other three volumes of this interesting work at an early date.

GREAT BRITAIN AND IRELAND.

REPORT TO THE BOARD OF AGRICULTURE FOR SCOTLAND ON HOME INDUSTRIES IN THE HIGHLANDS AND ISLANDS. Edinburgh, 1914, Neill and Co., 8^o, IX - 207 pages.

This interesting Report embodies the results of a special inquiry made by Mr. W. R. Scott, who was appointed in 1911 by the then Secretary for Scotland to investigate and report upon Home Industries in the congested districts of Scotland. It presents an exceptionally interesting picture of the growth of industries auxiliary to agriculture in an economically backward district, whether they arose naturally or were fostered by charitable organisations or by the State. The story of these industries, with their periods of decline and revival, is very instructive and should furnish many valuable suggestions to the Board of Agriculture for Scotland in the work which is now entrusted to it of endeavouring to improve the economic conditions of the inhabitants of the Highlands and Islands. As the experience of Scotland may prove useful to other countries where conditions are similar, we propose to publish a resumé of the Report in an early edition of the Bulletin.

ITALY.

RAFFAGLIO (G.): *Diritti promiscui, demani comunali ed usi civici (Collective Right, Communal Land and Civic Uses)*. IIInd. Edition, Rome, Milan and Naples, Società Editrice Libraria, pages 336.

After giving a general idea of civic uses from an economic and legal point of view, and indicating the principles by which they are regulated, whether written or established by custom, as well as the studies and researches made by the commission for the reform of the annulment laws the author studies in separate chapters the civic uses of Roman, mediaeval, modern and contemporary times ; and then goes on to examine the present legal position of the problem and finally deals with some proposals for its solution, with special relation to the civic uses and collective land of Lombardy.

SWEDEN.

BETÄNKANDE I EGNAHEMSFRAGAN, AFGIFVET DEN 14 OKTOBER 1914, UTAF DE AF CHEFEN FÖR KUNGLIGA JORDBRUKSDEPARTAMENTET TITTKALLADE SAKKUNNIGE (Report on the Question of Small Holdings, Presented on October 14th., 1914 by the Expert Commission Instituted by the Royal Department of Agriculture). Stockholm, 1914, Marcus Press, 3 Volumes, 4to. pp. XII + 616, VI + 456 and IV + 246.

On January 20th., 1911 the Royal Department of Agriculture at Stockholm instructed a Commission of five experts, with Baron Malte Ramel as President, to study the advisability of revising the Regulations of June 13th., 1908, on the State contribution to the establishment of small holding (*egna hem*), as well as generally of all the legislation on this important department of home colonisation.

After four years' assiduous labour, this Commission has just presented its report, which it concludes with a proposal for a radical reorganisation of the work of the Government in the matter.

As it is our intention to examine the proposals of the Commission for such reorganisation in an early number of this Bulletin, we shall now limit ourselves to a few remarks on the Report itself, which is one of the most conscientious, complete and clear we have ever had before us.

The fundamental portion of the important publication is to be found in the first volume, which begins with an historical study of the origin and successive development of home colonisation in Sweden. Then comes a statement of the principles now adopted by the State in the foundation of small holdings, as well as the provisions now in force for the practical realisation of the work. After which come the considerations of the Commission and the detailed statement of the reasons for the alterations it suggests in

the existing regulations. A draft of new regulations given in detail, a statement of the suggestions of two members of the Commission, differing slightly therefrom and, finally, a series of documents on which the proposals are based, are to be found at the end of the volume.

Volume II of the Report consists of a complete collection of all the statistics necessary for a profound and detailed study of the entire question. It also contains a very valuable general report on the action of the Government in favour of small holdings and its results during the period from 1905 to 1911..

Finally, the third volume of the Report is entirely given up to the comparative study of the state of the question of small holdings in countries the general conditions of which are more or less similar to those of Sweden, whether as regards climate or as regards agriculture and social life. We have here a group of five brief but very complete monographs on Government action in favour of home colonisation in Norway, Denmark, Finland, Prussia and England, the results up to the present obtained in each of these countries and the advisability or not of adopting in Sweden the principles by which the Governments of the above States were guided and the methods employed by them. As Government action is everywhere intimately connected with private initiative, the latter is naturally also considered and the monographs thus deal with the whole question.

We see then the field of study entered upon by the Commission under the presidency of Baron Ramel is extremely wide. But the considerable labour involved in the study thus conceived is largely compensated by the utility of the work accomplished. Far more than a simple report of a Government Commission on a special subject, the publication of the Swedish Commission is a thoroughly complete study of one of the most important questions of national economy not only in Sweden but in all Northern Europe. Taken all in all, the whole evolution of the problem of small holdings in one of the countries where it has certainly been solved most completely and most scientifically, could not be better or more clearly summarised than it is in the three large volumes of this Report.

KUNGLIGA LANDTBRUKSSTYRELESENS UNDERDÅNIGA BERÄTTELSE FÖR ÅR 1912 (*Humble Report of the Royal Agricultural Department for the Year 1912*). Linköping, 1914, Ostgöta Correspondenten Press, 8vo. pp. VIII + 606.

The fourth annual Report published by the Royal Agricultural Department, according to the programme established by Royal Order of October 2nd., 1908, has just appeared, in the form of a thick volume of 606 pages, illustrating with the help of numerous statistical tables the work of the Royal Department in behalf of Agriculture in 1912.

After a first chapter devoted to the study of the variations in the weather and the crop statistics of the year, the report goes on to a general

examination of the Government action in behalf of rural economy, which it studies in twenty clear and concise chapters of which it will suffice for us here to give the titles. (2) Work of the Royal Rural Economic Societies, (3) Prizes for Horned Cattle Bred (4) Measures for Pig Improvement, (5) Measures for the Extension of Small Holdings, (6) Report of the Butter Control Institutions, (7) Measures for the Encouragement of the Cultivation of Clover and Native Seeds, (8) Work of the Institutions for Agricultural Education, (9) Work of the Government Agricultural Engineers, (10) Work of the Government Expert Instructors and Employees in connection with the Peat Moss Industry, (11) Work of Swedish Agricultural Experts Abroad, (12) Work of the Livestock Improvement Centres, (13) Work of the Stations for the Trial of Agricultural Machinery and Implements, (14) Utilisation of the Special Funds for the Colonisation of Norrland, (15) Work of State Subventioned Agricultural Societies, (16) Government Measures for the Encouragement of the Fishing Industry, (17) Fight against Bovine Tuberculosis, (18) Work of the Vegetable Biological Institute at Luleå; (19) Work of the Agricultural Chemistry Stations, (20) Work of the Government Subventioned Stations for the Inspection of Seeds, (21) Work of the Government for the Encouragement of Homesteads.

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BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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Part I: Co-operation and Association

GERMANY.

THE TWO LARGEST GERMAN CO-OPERATIVE SOCIETIES FOR THE SALE OF EGGS.

§ I. INTRODUCTION.

The agricultural co-operative societies have long ceased to limit their action to their original field, that of combating the extortion of the money lenders and dealers. Little by little have they brought a large part of the agricultural activities under their control, so that also in the field of production and sale the beneficent effects of the co-operative idea are more and more seen.

To what extent the farmers, even in comparatively not very important branches of their business, may profit by co-operative association, is quite specially seen in the case of the Co-operative Societies for the Sale of Eggs. These have made great progress in the last twenty years in Germany, as earlier in Denmark, where they were first started. The first German Societies of the kind were founded in 1895 and 1896 in the Province of Hanover (1), and hence the movement has spread to every part of the German Empire.

The chief reason for the establishment of Co-operative Societies for the sale of eggs is the difficulty of the sale, especially in remote districts where the farmers cannot sell to urban consumers directly and formerly ~~were~~ at the

(1) There was already a Society for the Sale of Eggs founded at Uhlenhorst near Hamburg in 1880, and in 1881 a similar organization was founded at Leipzig, but these can not be considered co-operative societies in the true sense of the term.

mercy of the local tradesmen or buyers, who offered prices that were little remunerative. The most important question for these societies is therefore how to eliminate this intermediate traffic. While they regularly place larger quantities of eggs on the market and can give assurance of their excellence, as they have carefully examined, sorted and packed them, they are in a position to seek favourable opportunities of sale in the larger centres of consumption and obtain fair prices.

In addition to this they also exert an influence in favour of poultry improvement, not only indirectly by procuring for the farmer an increase of revenue through the higher prices he receives for his eggs, but also directly by obtaining improved breeds of poultry and instructing their members in the proper feeding and care of the fowls. The first egg sale societies owed their origin to the poultry improvement unions and even to-day they are frequently organised in connection with the latter. Others are founded in connection with societies of other character existing already, such as the dairy and purchase and sale societies.

Such dependence on already existing organisations is especially to be recommended, on the ground that the co-operative spirit is already developed in the existing societies and the administration of their business is already organised, which largely helps them to overcome the initial difficulties. But there are also numerous independent co-operative societies in Germany for the sale of eggs.

The first condition for the success of such a society is that the eggs be of the best quality, since only in this way is it possible to meet the competition of foreign eggs, the value of the import of which into Germany, in 1912 is estimated at 187,000,000 Marks. The societies must therefore at once instruct their members to supply eggs quite suitable for sale. The supply of bad eggs is severely punished. In many societies payment is made by weight, so that the size of the eggs may be taken into consideration.

In other societies eggs of less than a certain size are refused.

To show their origin each egg is marked on delivery with the name of the Society and the number of the member. But this does not suffice to distinguish the society's eggs, since many dealers imitate the mark, in order to pass their eggs off for those of the co-operative societies. Consequently, many societies have adopted a trade mark, which they have officially registered for their legal protection. In Hanover in 1899, the Agricultural Chamber adopted such a trademark the use of which is allowed to those societies the whole business conduct of which is security that they will only place fresh eggs on the market. This trademark at the end of 1913 was made use of by 107 out of the 146 unions in the Province.

The eggs are sold either through agents in the large towns or to wholesale and retail dealers, hotels, boarding houses and even to private persons. An important matter is to ascertain if the purchaser can be given credit and is in a position to pay, since the societies may easily suffer losses through dishonest or insolvent purchasers.

The Imperial Federation of German Agricultural Co-operative Societies and other Co-operative Federations afford the egg sale societies

effective encouragement (1). In several regions, as in Hanover, Oldenburg, Schleswig-Holstein and Baden, special federations have been formed: Also the official bodies for the promotion of agriculture, that is to say the Agricultural Chambers, give their support to these egg societies. We have already mentioned the introduction of the use of a trademark by the Agricultural Chamber of the province of Hanover. The same Chamber has also founded a Central Institution for advice to the societies in regard to their foundation and organisation and the conduct of their business, and every week it holds enquiries into the price of eggs, in which, in 1913, 53 unions took part. In Oldenburg the Agricultural Chamber and the Poultry Improvement Federation have founded a model poultry farm from which the poultry improvers can obtain eggs and poultry for breeding.

The statistics of the total production of the German Egg Sale Societies are incomplete. In the Yearbook of the Imperial Federation of German Agricultural Co-operative Societies for 1913 (pp. 521-522) figures are only given for 78 societies. Of these only 42 had given the value of their sales, amounting altogether to 1,854,600 Marks.

§ 2. THE EGG SALE SOCIETY OF WIEFELSTEDT IN THE GRAND DUCHY OF OLDENBURG.

Generally, the field of an egg sale society is fairly limited. But there are also some that do quite an important business. According to an account published in the *Deutsche Landwirtschaftliche Presse*, (2) the largest now existing in Germany is the Wiefelstede Egg Society, founded in Oldenburg in 1899.

As is to be seen in Table I, reproduced from the article in question, the number of eggs supplied by this society was in 1906 already more than 2,000,000 and in 1911 more than 3,000,000. The figures for the results attained as well as for the average weight of the eggs are also instructive, showing that both the quality of the eggs and the prices received have improved from year to year.

In 1906 the society erected a building of its own for the conduct of its business at a cost of 13,000 marks. It occupies a total area of 440 sq. metres and has a packing room, 88 metres square, in which the eggs are packed and the chests prepared for despatch, a dark chamber, 26 metres square, in which all the eggs already previously examined at the collecting stations are again candled under the electric light and sorted according to size, a

(1) The foundation of egg sale societies in general was discussed by the Imperial Federation on its Co-operative Societies' Days (*Genossenschaftstage*) in Breslau in 1899 and in Munich in 1901.

(2) NIS PETERSEN (Molkerei- und Verbandsrevisor): Deutschlands grösste Eierverkaufs-
genossenschaft. *Deutsche Landwirtschaftliche Presse*, January 2nd., 1915.

workshop on the ground floor, 103 metres square, in which about 150 new egg chests are got ready by the packer in the winter months and the old ones repaired, and a lading room with platform (58 metres square) where the egg chests brought in wagons from the 21 collecting stations are unloaded, and the chests ready for despatch are weighed and placed on the wagons to be transported to the railway. Besides this, the Society has its own electric plant of a value of 900 marks and more than 2,000 egg chests, the cost price of which was 12,000 marks. There is still only a debit in the books of 500 marks on this plant; the rest of the cost, 25,400 marks, being already written off. And according to the last balance sheet the society has a reserve fund of nearly 4,000 marks.

The whole area served by the society is divided into 21 districts. In each there is a collecting station. These 21 stations are almost without exception worked by private individuals. The eggs are delivered at the stations regularly every Saturday afternoon. The collector establishes the weight, enters it in the delivery book of the supplier, and on the register of the station, candles the eggs, arranges them according to size and packs them in the station chests.

Early on Sunday and on Monday the eggs are fetched from the collecting stations in two wagons and transported to the society's building. The packer receives them there and at once two women begin again to test and sort them. The candling of the eggs in the dark chamber is conducted as follows, cardboard boxes containing 40 eggs are placed in a tin frame with transparent glass on each side. If the frames are then held before the clear light of an electric lamp, the slightest change in the eggs can be clearly detected. A good egg must not only be transparent, but it is also required that the yolk be in the middle and when shaken no important change in its position be immediately observable. The most accurate examination can be made without taking a single egg out of the box. A woman employee can easily candle 30 chests of eggs a day. The society owes its good reputation and the possibility of obtaining the highest prices on the market to the fact that every egg is candled.

After examination the eggs are packed in chests, which are sealed and weighed. On Monday evening enough chests are ready for transport to the railway to begin despatch. In the evening already a truck leaves for Cologne, arriving there early on Wednesday. A second truck leaves on Thursday for Barmen. In both places the society has a trustworthy agent to deliver the eggs immediately on the arrival of the truck to the consignees as instructed. In case of need there must be three wagons in readiness for them. In this way the purchasers not only save considerably in the matter of railway charges and expenses, but the eggs are consigned to them nearly two days earlier than when booked to them individually.

The relations of the members to the society are regulated principally in accordance with the following main provisions of the society's rules. It is strongly insisted on that the various regulations must be accurately observed. If a member fails in his duty, punishment will at once be meted out.

§ 1. — Every member of the Wiefelstede Egg Sale Co-operative Society must consign the eggs laid on his farm to the collecting station of his district, with the exception of those required for his personal consumption or that of the members of his household (labourers and lodgers) and for breeding purposes. If eggs which have been acquired by purchase or exchange are consigned to the society, the supplier will be fined 30 marks, and, on repetition of the offence, 50 marks.

§ 2. — After delivery of all the eggs intended for sale on the days appointed by the business manager, the society will fetch them from the collecting stations.

§ 3. — The eggs must be taken from the nest every day and in the summer months kept in the cellar or some other dark and cool place until the day of consignment.

§ 4. — All the eggs must be marked with the number of the consignor.

§ 5. — If the eggs are found to be not up to standard, a deduction of 1 mark a piece will be made from the consignor's account. As nest eggs only porcelain eggs may be used, which the society will supply to its members at cost price.

§ 6. — The eggs are purchased by weight. It is left to the management to decide whether they shall be sold by weight or quantity.

§ 7. — The price per kg. of eggs is fixed by the management of the society for each month at the end of that month; the proceeds from sales, after deduction of expenses etc., are paid over by the Wiefelstede office, beginning with the 15th. of the following month, to the collector who pays the consignor on the next day of consignment of eggs.

§ 8. — Every one who supplies eggs receives from the society a book, in which the collector must enter the weight of the eggs of each consignment.

§ 9. — If it is proved that a member sells eggs to dealers, he is fined 20 marks for breach of contract. In case of repetition of the offence, the management may increase the fine to 30 marks or refuse to accept further consignments from him.

§ 10. — The eggs must be delivered clean; dirty eggs must be cleaned before consignment. The collector is responsible for only clean eggs being placed in the boxes; he must refuse dirty ones.

§ 11. — The whole supply of eggs must always be delivered. It is not permitted to keep any back for a later collection.

§ 12. — The eggs delivered at the collecting stations must have a minimum weight of 50 gr.; smaller eggs as well as such weighing more than 80 grammes must be refused by the collectors.

The progress made by the society is seen in the following table:

TABLE I. — *Progress of the Wiefelstede Egg Sale Co-operative Society.*

Year	Number of Members	Weight of Eggs Consigned	Number of Eggs Consigned	Gross Receipts for Eggs	Average Receipts per Egg	Average Weight per Egg	Total Paid to Members for Eggs	Average Paid per Egg
		Kg.		M.	Pf.	Gr.		
1899 . . .	102	2,452	41,779	3,003	2.19	57.50	2,690	5.1
1900 . . .	229	31,630	548,965	33,165	6.04	57.62	29,040	5.2
1901 . . .	293	44,310	768,031	47,391	6.18	57.76	41,709	5.4
1902 . . .	326	65,107	1,118,690	69,016	6.17	58.70	59,403	5.3
1903 . . .	347	75,773	1,282,560	80,011	6.24	59.07	71,725	5.6
1904 . . .	371	83,648	1,391,184	89,803	6.45	60.13	80,881	8.8
1905 . . .	414	99,343	1,647,460	113,250	6.88	60.30	101,274	6.2
1906 . . .	455	122,056	2,012,860	145,972	7.25	60.64	130,860	6.5
1907 . . .	512	143,687	2,356,800	172,415	7.32	61.00	155,333	6.6
1908 . . .	538	162,846	2,660,954	196,169	7.37	61.19	175,959	6.6
1909 . . .	553	167,678	2,731,168	210,430	7.70	61.40	190,460	7.0
1910 . . .	562	177,852	2,895,600	219,059	7.57	61.42	199,144	6.9
1911 . . .	587	185,234	3,015,000	234,393	7.77	61.44	215,690	7.2
1912 . . .	625	200,266	3,253,785	266,839	8.20	61.56	240,363	7.4
1913 . . .	655	224,572	3,641,400	301,969	8.25	61.62	273,179	7.5

§ 3. WARDENBURG CO-OPERATIVE EGG SALE SOCIETY
IN THE GRAND DUCHY OF OLDENDURG.

The second largest German co-operative society for the sale of eggs is that of Wardenburg, also in the Grand Duchy of Oldenburg.

This society, of the progress and activity of which Herr Nis Petersen, Inspector of the Dairies of Oldenburg and their Federation, has kindly favoured us with a detailed description, was founded in 1901 as a registered co-operative society with limited capital, in connection with the Wardenburg Co-operative Dairy and had at first 23 members. At the end of the first year it had already 72 and at the end of the working year (which corresponds with the calendar year) 1913, they had reached the imposing number of 610. The changes in the number of members in the period from 1901 to 1913 is seen in the following Table II.

According to the rules the amount of a share is 10 marks. Members may pay this amount in full. At least one tenth must be paid on entering the society. According to the provisions of the rules, which also in this case represent the real basis on which the relations of the members to the society depend, also in this society the consignment of the eggs is compulsory.

The sphere of the society includes twenty villages and it has twenty collecting stations, to which the eggs are consigned once a week. A carrier transports the eggs from the different collecting stations to the head station. The whole field of the society is divided into a larger and a smaller circle. The purchase price per kg. of eggs, fixed every month by the management, only affects the members of the smaller district whose eggs are collected by the carriers of the head station. Those members who live outside the district receive from 1 to 2 pf. per kg. less, according to the cost of carriage to the nearest collecting station of the smaller circle of members. In regard to the treatment of the eggs up to their consignment to the collecting stations, almost the same regulations are in force as in the case of the Wiefelstede Society. For delivery of eggs which on examination are found to be bad, the consignor is fined 50 pf. per egg.

Also this society attaches great importance to the eggs being always delivered clean. As far as possible to avoid the necessity of cleaning and to get naturally clean eggs, the poultry yards must be kept clean and strewn with sand or peat dust. The poultry improvers must give special attention to the cleanliness of the nests. Dirty eggs must as far as possible be cleaned when dry, and, if this is not possible, careful wiping with a cloth moistened with vinegar or a solution of salt is allowed.

In regard to the feeding of the fowls, the management is empowered, with the consent of the council of supervision, either to forbid the use of certain foods entirely or to limit their use. For example, the use of more than 10 gr. of fish meal per day per fowl is absolutely forbidden.

The members' accounts are settled monthly. The price per kg. of eggs is fixed by the management of the society at the end of each month for the month passed. The proceeds, after deducting expenses, are paid over by the managing office to the collecting stations in time for the members to be paid on the day for collection first after the 20th. of the following month.

The eggs consigned by members must have an average weight of from 55 to 62 grs. Under special circumstances smaller eggs will be accepted, but not eggs of less than 45 grs. If the small eggs are sorted out and sold separately, the society strongly insists on the consignment of eggs as far as possible of the same size. Fine eggs of one size weighing from 60 to 62 gr. are most in favour and obtain the highest prices on the market.

Tables II and III will give an idea of the progress made by the society and the results attained by it :

TABLE II. — *Development of the Wardenburg Society.*

Year	Members	Sales		Receipts — M.	Paid to Members — M.	Expenses — M.	Gross Price per Egg — Pfs.	Profit Made (Marks)
		Eggs	Kg.					
1901	72	—	—	—	—	—	—	—
1902	149	148,194	20,204	21,240	18,332	1,901	5.80	90
1903	179	464,660	27,302	28,881	25,308	2,887	6.21	50
1904	209	527,321	32,012	34,832	30,378	3,530	6.61	373
1905	258	705,229	42,500	48,555	43,097	4,458	6.88	514
1906	282	906,731	54,740	66,283	59,260	5,817	7.30	355
1907	342	1,175,891	71,872	86,600	77,375	8,289	7.36	475
1908	378	1,422,847	86,163	102,771	91,896	10,858	7.22	94
1909	404	1,531,918	93,703	118,195	105,853	11,521	7.71	860
1910	544	1,683,571	102,562	128,010	114,850	12,603	7.71	68
1911	512	1,935,577	117,886	151,856	137,351	13,173	7.85	495
1912	561	2,227,428	135,371	180,946	164,751	15,326	8.12	224
1913	619	2,672,264	162,507	220,944	202,650	17,477	8.27	912

TABLE III. — *Prices Paid to Members by the Society.*

Month	Per Kg. (M.)		Per Egg. (Pf.)	
	1912	1913	1912	1913
January	1.60	1.52	9.6	9.3
February	2.40	1.40	8.6	8.6
March	1.06	1.07	6.6	6.6
April	1 —	1 —	6.2	6.2
May	1.07	1.09	6.5	6.6
June	1.12	1.18	6.8	7.2
July	1.22	1.25	7.4	7.6
August	1.30	1.33	8.0	8.1
September	1.42	1.46	8.9	8.9
October	1.95	1.95	12.0	12.0
November	2.20	1.25	13.2	13.7
December	1.90	1.95	11.5	12.0

That the Society has been able to pay from year to year comparatively better prices is due in the first place to the large increase in the number of members. Only the Society can obtain satisfactory prices, as even in the winter months when few eggs are laid, it is able fully to satisfy its customers without the need of special arrangements. On the other hand, it requires its customers, even during the summer months when there is often an over supply of eggs, to take their goods at a price profitable for it.

At the beginning of 1913 the selling prices were very low. This was chiefly due to the mild winter and the consequent increase of foreign competition. As the statistics show, the prices soon rose again and thanks to prudent management and the good use made of the situation, a higher average price was obtained than ever before.

Although the head quarters of the Society are comparatively far from the railway, the expenses are in proportion small. The statistics show clearly that with the considerable increase of the Society the cost per cent has been reduced with a rapidity out of all proportion to it. Further success, which may be expected with certainty, will lead to still more favourable results. Not only that the additional expenditure for salaries, carriage, and commissions decreases in comparison with the growth of the Society, but also, with the increasing requirements from year to year, the supply of the necessary articles is obtained under more favourable circumstances, which, in view of the large requirements, is a matter of great weight.

The balance sheet is very satisfactory, the debt on the building being reduced to one mark and a comparatively large reserve fund having been formed.

And, even independently of what is shown by the tables and by its balance sheet, the Society has developed. The eggs it sells have considerably improved in quality. Only at first do new members consign small eggs; they soon learn that really good prices will only be given for large eggs. In consequence, since the foundation of the society, the average weight per egg has risen from 58.3 gr. (1901) to 60.8 gr. (1913).

SPAIN.

CO-OPERATION IN SPANISH AGRICULTURE.

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(1) Some of this bibliographical material, as well as the statistics and information given in this article, was collected immediately by Dr. José Luis Alcázar, one of the Staff of the International Institute of Agriculture, who was instructed to study the matter in Spain.

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In Spain, co-operation is of recent date. Although some societies for the manufacture of silk in Valencia were founded in the middle of the last century, we may say that the co-operative principle only established itself fully and firmly after the law of 1887 guaranteed the exercise of the constitutional right of association. The region of Catalonia, which is to day the most important co-operative centre of the country, in 1883 possessed only five societies. The movement in favour of agricultural co-operation, is still more recent, for, as we shall see, although it also began after the above law on the associations was voted, it only really made progress after the law of 1906 on agricultural syndicates.

It is extremely difficult to give an accurate and complete idea of the present situation of co-operation in Spain. The absence of statistics, the fact that the co-operative societies are not kept separate from the other associations in the prefects' registers, the isolation of most of these institutions and other causes yet, scarcely allow of our obtaining concrete and accurate information in regard to co-operation in the peninsula. Still, authorities like Diaz de Rábago, (1) Garido, Piernas, Hurtado and, generally, all the historians of the Spanish co-operative movement, agree in saying that co-operation has not developed in the degree required by the social

(1) DIAZ DE RÁBAGO, Joaquín : Complete works. Vol. VII. Co-operation in Spain. Printed by José M. Paredes, Santiago, 1900.

economy of the country and the working classes, both agricultural and industrial, "through their want of enterprise and insufficient economic education and their ignorance of the means in their power for the improvement of their situation, have not shown themselves as ready and eager to form co-operative associations as in other nations". Needless to say that the movement has been most active in country circles. Fortunately, the results of the propaganda made by men like Chaves, Arias, Rivas Moreno, the Viscount de Eza, P. Vicent and others who have devoted their energies to pioneer work in behalf of agricultural association and co-operation is already bearing fruit.

Before studying the co-operation movement in the Spanish country and its effects, we shall briefly consider the legislative provisions in force in regard to it.

§ 2. LEGISLATION ON CO-OPERATIVE SOCIETIES.

In Spain there is no special law for these societies; they generally come under the provisions of the general law of June 20th, 1887 on associations, which regulates the right of association, and the agricultural co-operative societies benefit by advantages granted by the law of January 28th, 1906 on agricultural syndicates.

(A) *Law of 1887 on Associations.* — This law, in its first article, after establishing its application to all associations not only and exclusively profit seeking, lays it down that "co-operative societies for production, credit or distribution" shall be also subject to its provisions. This is a general law rather providing for public order than for the regulation of groups or legal institutions. However, let us repeat, it is the only general law on the matter.

The foundation of the co-operative societies is, in the first place, subject, according to this law, to a tacit or preliminary declaration showing their legal character. The founders, eight days before the society is constituted, must lay before the Governor of the Province in which it is to have its head quarters, duplicate copies of the rules by which it is to be governed, clearly indicating the name and object of the society, the manner in which it is to be administered, the means by which it expects or intends, to cover its expenditure and the use to which the funds or the property of the society are to be put in case of dissolution.

If the documents have not been returned by the Governor within 8 days as not satisfying the required conditions, the society may be validly constituted.

These formalities being completed, the co-operative society is able to begin work, forwarding to the Governor a certified copy of the deed of constitution. The law does not require that the deed be public, so the societies may be constituted by private deed.

The societies may adopt any of the forms of commercial societies (that is, may be societies of collective title, societies *en commandite* or limited liability societies); the liability of members is fixed according to the provisions of the commercial code. They may be constituted with or without capital. In the first case, it must be shown whether this capital is entirely or only in part subscribed, and in what manner the society will pay its expenses.

The law obliges the associations to keep registers showing the name, profession and domicile of all its members. This register must be exhibited to the authorities on demand. In addition, each provincial Government shall keep a special register in which the name and head-quarters of the associations of the regions are entered.

Such are the principal provisions of the law of 1887 which, considering the societies generally as simple associations, wrongly assimilated them to the *gremios*, mutual aid societies, thrift societies and all associations formed for scientific, artistic and benevolent purposes and, generally, to purely profit seeking associations and they limit themselves to the regulation of their external relations in public law.

The law in question does not grant any fiscal exemption in behalf of co-operative societies. Still these societies are exempt from stamp duty in accordance with article 203 of the stamp law of 1900.

The agricultural co-operative societies were regulated like the others by the 1887 law up to the year 1906, when the law on agricultural syndicates was promulgated, which, by means of exemptions and special privileges, gave a real impulse to rural association.

(B) *The Law of 1906 on Agricultural Syndicates.* — Generally, it may be said that all the agricultural co-operative societies now existing have conformed to the law of January 28th., 1906, on agricultural syndicates, for there is only a very small number governed by the law of 1887 on associations.

This does not mean that there are two fundamental laws on the subject. Indeed, the law on syndicates is not a really essential law by which all the associations formed for any one of the ends specified in it must necessarily be governed, but one instituting a regime of favour to which the associations may conform themselves either directly, by constituting themselves according to its provisions, or by applying to be considered as syndicates after they have been already founded. This will appear very clearly if we consider that not only does the law on syndicates impose no obligation on them in regard to the supervision to be exercised by Government authority but also that the executive regulations refer to the general law on associations when fixing the dates on which the syndicates must submit their accounts to the authorities.

Thus then, in regard to Spanish legislation on co-operative societies, the 1887 law on associations remains always the general law, the 1906 law on syndicates being published as a law of favour to encourage association generally and agricultural co-operation by means of special exemptions from taxation.

Let us now consider the principal provisions of the 1906 law on syndicates.

It is first of all laid down that as agricultural syndicates for the purposes of the law — that is for the enjoyment of the exemptions and privileges granted to these groups — are to be considered the agricultural associations, societies, communities and chambers constituted at the date of promulgation, or that shall be legally constituted later for one or more of the following ends:

(1) purchase of agricultural implements and machinery and breeding stock for the benefit of the syndicate;

(2) purchase, by the syndicate or the members composing it, of manure, plasfts, seeds, livestock and other things needed for agriculture and livestock improvement;

(3) sale, exportation, preservation, transformation or improvement of the produce of agriculture or livestock improvement;

(4) clearing, utilisation and drainage of waste land;

(5) construction or utilisation of works for the benefit of agriculture, livestock improvement or derived or auxiliary industries;

(6) application of measures against dangers threatening agriculture;

(7) creation or encouragement of establishments or organisations of agricultural credit (credit on personal security, on pledge or on mortgage) either immediately among the members of the association itself or by the foundation or assistance of banks or Pósitos not depending upon it, or by establishing itself as intermediary between such establishments and its members;

(8) the work of co-operative, mutual, insurance, aid or disablement and old age pension societies for farmers or livestock improvers;

(9) education, publication, experiment, the opening of exhibitions and shows and the employment of all means for the diffusion of knowledge of service in agriculture and livestock improvement and the stimulation of their development and progress.

(10) the study of the defence of the common agricultural interests of the syndicates and the settlement of their disagreements by means of arbitration.

We see then that although the ends indicated under clauses numbers 1 and 2 (purchase), 3 (production and sale), 4 and 5 (work) and 7 (credit) are of a co-operative nature, the law makes special reference to co-operative societies under no. 8, so that there may be no doubt on the subject of its application to these institutions.

The law also regards as syndicates the agricultural associations for collective ends included amongst those we have enumerated.

The legal position established by art. 38 of the Civil Code is recognised as belonging to the syndicates constituted in accordance with the law under consideration. They may consequently purchase and possess property of every kind, as well as contract obligations and exert action of every kind, in conformity with the laws and provisions regulating their constitution.

The members of an agricultural syndicate may at any time withdraw from it, notwithstanding any clause to the contrary inserted in the rules,

without affecting the obligations or liabilities assumed by them, to which they are subject at the date of leaving the association. The rules shall lay down the rights the members may retain on withdrawing, in the case of thrift, mutual aid, pension and other similar institutions, acquired either by means of service or payment or freely during the period of membership.

The acts for the constitution, the modification, the union or dissolution of agricultural syndicates are exempted from all stamp and transfer dues (1). The acts and contracts to which an agricultural syndicate duly constituted and registered is a party as a legal person enjoy the same exemption if their direct object is the realisation, according to the rules of the society, of any of the ends enumerated in the law. Thrift, co-operative or credit institutions formed by agricultural syndicates on the basis of mutuality, among their members, shall only be liable to income tax in respect of the dividends distributed among the members out of the profits made.

Customs dues on machinery, implements, seeds, breeding stock and other articles required for agricultural or livestock improvement industry shall be repaid by the Treasury on demand made by the syndicate, always provided the Agricultural Department furnishes a statement as to the advantages and general utility of their importation.

Such are the principal provisions of the 1906 law, in accordance with which as we have said, the agricultural co-operative societies work. The final executive regulations were only issued on January 16th., 1908.

§ 3. THE ASSOCIATION MOVEMENT AND CO-OPERATIVE ORGANIZATIONS IN AGRICULTURE.

The legislative provisions we have just examined show that agricultural association and co-operation were not clearly defined and separated in it.

The same confusion existing in the legislative sphere appears also in practice; in fact, there are scarcely any manifestations of co-operation in agriculture independent and specialised, as, so to say, there is no form of agricultural association the action of which does not take a co-operative form. Further, as we have said, almost all the agricultural co-operative societies now existing conform to the regulations of the law on syndicates so as to enjoy the advantages it affords and present themselves consequently under the form of syndicates.

(1) Notwithstanding these explicit provisions of the law we are examining, there was still a time when, in virtue of the provisions of the law of March, 1906 on customs and the financial law of 1910, the branches of the administration concerned held that they had been implicitly abrogated. The Minister of Agriculture, after consulting with the Council of State, settled the matter by means of a Royal Order of May 28th., 1914, declaring these exemptions to be still in force. See the number of this Bulletin for October, 1914. p. 22.

Thus, a study of agricultural co-operation in Spain implies not only a study of the co-operative societies but also that of the co-operative action of the syndicates, agricultural chambers, communities etc. It is therefore necessary to give a few indications of the association movement in Spain which is, at the same time, under some aspects the co-operative movement.

Although in Spain the principle of agricultural association and its practical realisation may be traced back to a very distant date, the manifestations of agricultural association, in its modern form, only appeared recently. Indeed, in 1770, the ancient Council of Castile registered 25,927 associations called *Cofradías or Hermandades*; these institutions had a character at once civil and religious, and possessed land, trees or livestock, which they enjoyed in common, and the profits from which they devoted to ends of a collective character: assistance to the sick, works of public utility for the locality, periodical festivals etc. There were also numerous institutions in Galicia, the Asturias and Valencia for insurance of livestock or for mutual aid to their members in the way of services. But all these associations which, having beneficence in the first place for their motive and end, represent an embryonic form of modern association, have remained stationary, living isolated lives and following local traditions, so that although they are very numerous today, as Costa, the historian of Spanish customary law, attests, they cannot be connected with the association movement now developing in the Spanish country districts.

Thus then, leaving aside these embryonic manifestations attesting the pre-existence of the spirit of association in Spain, in spite of the traditional profoundly individualistic character of the peasants, we must repeat here what we said at the beginning of this study, namely that the agricultural association movement, like the general co-operative movement, only began with the promulgation of the law of 1887 on associations and that its period of development only began with the promulgation of the law of 1906 on agricultural syndicates and the final regulations in connection with it.

If we now examine the agricultural social institutions that have contributed to develop co-operation by means of the form taken by their activity we see that these institutions are:

Agricultural Syndicates, including, under this name, rural banks and generally agricultural associations of a technical or professional character having for the most part co-operative sections;

Agricultural Chambers, founded by Royal Decree of November 14th., 1890, to encourage and protect the interests of agriculture, the principal objects of which are to found (a) savings banks and insurance societies for the benefit of their members; (b) to buy for resale or to hire machinery, implements, manure, seeds and livestock and guarantee the payment of these articles when bought by members; (c) to receive deposits of every kind, to accept money in current account etc.;

Farming Communities, established by law of July 8th., 1898, which, together with their rural police duties, have co-operative sections for distribution, credit and labour that they have instituted;

Finally, the *Saving Banks*, and *Pawn Establishments*, which grant loans to rural banks and encourage their foundation,

One of the difficulties in the way of the study of the co-operative movement in Spanish Agriculture is the almost complete want of statistical data and monographic studies of a general character. However, according to the official and technical publications and the information we have been able to collect directly, it appears that in 1912 there were 2,029 agricultural associations distributed as follows: 93 Agricultural Chambers, 80 Farming Communities, 85 Saving Banks and 1,771 Agricultural Syndicates.

If we compare these data, exclusive of those for the Savings Banks, which we have no means of comparing with the corresponding figures for 1908, we may see the progress realised by agricultural association in 1908-1912.

	1908	1912
Agricultural Chambers	74	93
Farming Communities	24	80
Agricultural Syndicates	856	1,771
Total	954	1,944

To show the geographical distribution of the syndicates which, as we see, form the largest group of Spanish agricultural associations, we reproduce the following data from the Report published in 1912 by the Spanish Farmers' Association.

Provinces	Number of Syndicates	Provinces	Number of Syndicates
Alava	10	Lerida	20
Albacete	6	Logroño	21
Alicante	27	Lugo	21
Almería	5	Madrid	17
Avila	21	Málaga	2
Badajos	45	Murcia	7
Balearic Islands	18	Navarre	174
Barcelona	70	Orense	20
Burgos	50	Oviedo	38
Cáceres	48	Palencia	26
Cadiz	3	Pontevedra	20
Canary Islands	3	Salamanca	71
Castellón	24	Santander	41
Ciudad Real	3	Segovia	12
Córdoba	11	Seville	45
Coruña	34	Soria	20
Cuenca	17	Tarragona	36
Gerona	24	Teruel	23
Granada	25	Toledo	7
Guadalajara	25	Valencia	77
Guipúzcoa	343	Valladolid	113
Huelva	11	Biscay	4
Huesca	17	Zamora	9
Jaén	3	Zaragoza	70
León	14		

The above table shows that agricultural association has made most progress in the provinces of Navarre and Valladolid; although Guipuzcoa has a large number of associations, most of them are old local livestock insurance societies now being transformed on scientific principles. The provinces with the smallest number of syndicates are Malaga, Jaen, Ciudad Real, Cadiz and the Canary Islands.

§ 4. VARIOUS FORMS OF AGRICULTURAL CO-OPERATION.

However, in Spanish agriculture, co-operation has not attained that degree of specialisation which is in other countries due to a superior degree of improvement and development. The organization of co-operation in Spain is still in its first stages. In fact, except for the orange growers' syndicates, rural banks, co-operative wine societies and a few others, generally the co-operative organizations derive their origin from the needs of the members of the rural associations. However, some time ago they began making their appearance under the form of special permanent divisions of these associations, which allows us to suppose that they will soon reach the degree of specialisation mentioned above.

In regard to the different forms of agricultural co-operation, it will not be possible for us to give complete statistical information for the reasons given in the foregoing paragraphs. The reader will find in the following pages a statement of the principal characteristics of these forms of co-operative activity met with in the field of Spanish agriculture.

As we have seen the agricultural co-operative forms are mostly agricultural syndicates. If we desire to establish approximately in what proportion these undertake different work we may say that, so to speak, there is no syndicate that does not contemplate the collective sale of manure and seeds; after this it is with co-operative credit they occupy themselves most frequently. The proportion of syndicates occupied with co-operative distribution is not more than 20 % or 25 %. From 15 to 20 % of them engage in the co-operative purchase of agricultural machinery and implements. Finally, co-operative production is only represented by the orange growers' syndicates and a few co-operative wine societies.

§ 5. CO-OPERATIVE CREDIT.

(a) *Rural Banks.*

Co-operative credit is of recent introduction in Spain. The first rural banks were founded in 1901 and 1902; but the movement in favour of the organizations only took definite form in 1904, when the banks in Navarre showed notable progress. The *Paz Social* reckoned that in 1910

a thousand social institutions were engaged in agricultural credit business. We may say that there are now scarcely any rural associations without their credit banks.

Amongst the most important of the Spanish rural banks, as regards their organization, their resources and their business operations, are those of the province of Badajoz, which, together with those of the province of Cáceres, are known under the name of *Cajas rurales Extremeñas*, that is of Extremadura. The essential difference between the banks of the province of Badajoz and those of Cáceres is that the former are founded among rich landowners, whilst the members of the latter are small farmers. These banks of Extremadura are founded on Raiffeisen principles, but with essential modifications which constitute them a special type.

They preserve the following characters of the Raiffeisen banks; the members are jointly and severally liable to an unlimited degree; they obtain material and moral advantages for their members by means of credit; there is no initial contribution of capital; they never lend to non-members; the members receive no dividends and the reserve fund is not to be touched even in case of the dissolution of the society.

But they depart from Raiffeisen principles in the points we shall now mention; besides the cashier, who is remunerated, even when he is a member of the Board of Management, the Manager, the Secretary and the Bookkeeper are all paid; and the action of each bank is not restricted to a small area but extends to a whole locality, however large, and sometimes to several localities. They further differ from the Raiffeisen banks in regard to the monthly contribution paid by members; the limitation of the amount to be given in various classes of loans and the amount which may be granted to members in each class; in regard to the qualifications necessary for the members of the Board of Management, and the right of the Board to invest a proportion of the annual profits for the advantage of agriculture.

Among these differences from the Raiffeisen system, it is the payment of monthly contributions that quite specially distinguishes the Extremadura Banks. There are, however, some banks, like that of Valencia del Ventoso, in which such contributions are not paid. In regard to the election of members of the Board of Management the difference is important; two thirds of the board must be elected from among a definite number of members, selected from among the principal contributors, and from this group the President, Vice-President and Secretary are chosen. So that attempt has been made to ensure the success of the Banks by means of their management by those whose liability is greatest.

In most of the banks now existing the foundation capital was formed by means of a credit opened at the *Banco de España* on the personal security of the members of the Board of Management. This credit varies, according to circumstances, between 100,000 and 150,000 and even reaches the amount of 200,000 pesetas, as in the case of the Bank of Fregenal de la Sierra.

The maximum limit of the loans in the banks where there is a limit varies generally between 1,000 and 5,000 pesetas for loans on personal security and on pledge and between 20,000 and 50,000 pesetas for those on mortgage. The Banks, which have fixed no limit, have granted loans up to 100,000 pesetas.

The ordinary interest in the case of mortgage loans, is 5 $\frac{1}{2}$ % and in that of loans on personal security or on pledge 6 %. On savings deposits 4 % net is paid and they are exempt from all taxation.

The first of these banks was founded at Fuente de Cantos in October, 1905. Since that date more than twenty have been founded in the Province of Badajoz with more than 6,000 members including in their sphere of action 58 localities.

To show the importance of the rural banks of the province of Badajoz, we give below the figures for the year 1912.

TABLE I. — *Situation of the 20 Banks on December 31st., 1912.*

		Total for all Banks	Average per Bank
Number of Members		6,009	300
Loans on Personal Security	Pesetas	1,430,779	71,538
" " Pledge	"	336,685	16,834
" " Mortgage	"	7,344,050	367,202
Capital Guaranteed by Joint and Several			
Liability	"	156,380,035	7,819,000
Debt to the Banco de España	"	3,661,859	183,092
Deposits	"	6,350,670	317,533
Real Estate and Government Securities	"	1,324,011	66,200
Own Capital of the Banks (Reserve Fund)	"	678,394	33,919

In order that the reader may have an idea of the position reached by the rural banks of Extremadura, we give below data showing the development of the banks of the province of Badajoz in the five years 1906-1910.

TABLE II. — *Progress of Rural Banks of the Province of Badajoz 1906-1910.*

Particulars	1906	1907	1908	1909	1910
Number of Existing Banks	9	14	20	24	24
Localities Included in their Spheres of Action	24	40	49	63	63
Number of Members	1,559	3,102	4,582	5,739	5,941
Capital Guaranteed by Joint and Several Liability	pesetas	pesetas	pesetas	pesetas	pesetas
Loans on Personal Security.	40,245,105	84,478,782	134,483,480	157,064,788	161,349,075
Loans on Pledge.	332,077	834,594	1,199,438	1,354,681	1,354,887
» » Mortgage	717,167	2,530,441	4,591,627	6,395,530	7,173,575
Total Loans.	1,049,244	3,389,980	5,934,429	7,942,274	8,709,291
Real Estate and Government Securities Held by the Banks.	—	—	434,060	439,060	716,056
Savings Banks.	59,200	760,477	2,817,165	2,817,165	4,089,173
Debt to the Banco de España	1,323,510	3,090,429	5,566,346	5,566,345	5,183,813
Own Capital of the Banks (Reserve Fund).	11,033	72,941	158,254	308,540	308,540

Among these banks, that serving the largest number of localities (11 in all) has its head quarters at Cabeza de Buey; that of Almendralejo shows the largest number of loans, 1,304,175 pesetas; that of Villafranca de los Barros the highest figures for the reserve fund, real estate and Government securities, respectively 229,621 pesetas, 1,160,797 pesetas and 2,164,871 pesetas. The Bank of Fregenal de la Sierra has received the largest advance from the Banco de España (759,586 pesetas) and has the largest capital (31,696,695 pesetas).

The rural banks of the Province of Badajoz, of which we have just spoken, form the Agricultural Federation of Extremadura.

Together with the Extremadura Banks we have now studied, there are others in larger or smaller numbers in the other regions of Spain. We have already said that the movement in favour of these institutions first made progress in Navarre. In 1910 there were 143 rural banks in the region serving 417 localities. The Navarre banks are also unlimited societies. As

a characteristic peculiar to them, we shall mention that on their admission the members contribute 10 pesetas to the share capital, which is considered as a deposit without interest. These banks ask 5 % a year interest on their loans and 6 % for a fraction of a year; on deposits they pay 3 % per ann. On operations conducted between the banks 4 % is paid.

The *local* banks of Navarre are federated in *district* banks of which there are 5 : Pamplona, Estella, Túdela, Aoiz and Tafalla. Above the district banks is the *provincial* bank of Navarre, with head quarters at Pamplona, founded with a capital of 500,000 pesetas.

The agricultural syndicates composing the *Federación agrícola Montañesa* (province of Santander) have all rural banks of the Raiffeisen system granting loans at 5 % per ann. In 1910 this Federation had 412,979 pesetas in savings deposits and the amount of its loans came to 482,009 pesetas.

There are other important groups of rural banks in the provinces of Zamora, Zaragoza, Logroño and Valladolid, for the most part of Raiffeisen type and in the provinces of Murcia, Albacete, and Granada of the Schulze Type. Amongst these latter one of the most important is the bank of Alhama de Murcia, which commenced operations in 1906 with a capital of 6,000 pesetas and had in 1908 loans to the amount of 54,285 pesetas and deposits to that of 73,471 pesetas.

(b) *Land Credit Co-operative Societies.*

There are in Spain only a very small number of co-operative societies of the Landschaften type. As an example we shall briefly describe that working at Tortosa (Province of Tarragona) under the name of the "Olive Branch Agricultural Syndicate".

This society, in order to obtain the funds required for credit advances to its members, issues mortgage bonds to bearer at 4 1/2 %, payable at the end of every three months. The security of these bonds is the land pledged by the members in order to obtain the loans. In the deed of pledge of the land, indication must be made of the nominal capital in bonds, secured on mortgage in the case of each holding, which may never exceed half the estimated market price.

The society lends exclusively to members and the loans must only be used for one or more of the objects specified in the law of 1906 on syndicates.

Each member who has engaged a holding has a credit opened to him in current account at interest, at present 5 1/2 %, that is 1 % more than the interest on the bonds. The maximum amount of this credit may not exceed half the market price of the holding as estimated by the Board. No operation in connection with these current accounts, whether credit or debit transactions, may be conducted for an amount of less than 25 pesetas.

The members may place money in current account with the syndicate; these amounts will bear interest equal to that the syndicate would pay if it borrowed from any Bank whatever. However, the Board of Manage-

ment may limit this right of the members, and decide not to accept for a time further deposits at interest and even to return those already received, if it is not able to invest them suitably.

The members who have engaged land receive the rent and administer the holdings, under the supervision of the Board. In case the member owes interest for more than a year and a half or an equivalent amount for expenditure, the Board undertakes the administration of the holdings engaged for its own account, until the sum is paid.

The members must recognise the preference rights of the syndicate in the case of their contracting any debt or obligation, so as to secure the rights of the syndicate to the revenue of the holdings engaged as well as to the produce from them in case of sales.

We have said that the bonds issued by the society are especially secured on land engaged. In order that this security may not be lost when a member withdraws all or part of his land engaged, a clause is inserted in the deed to the effect that the land in question ceases to form part of the capital contributed by the members of the syndicate and no longer secures a corresponding amount of the bonds. Deeds of this kind have no value or effect and cannot be registered unless accompanied by proof that the amount required for the extinction of the bonds was deposited in the Banco de España.

The reserve fund of the society is formed of the difference between the rate per cent collected on loans and the interest on bonds.

The "Olive Branch" agricultural syndicate was founded in 1913. We have no statistics of the work of the establishment nor of those of similar character, but we may say that its action has been very limited.

(c) General Institutions Granting Credit to Co-operative Societies.

Various general institutions encourage the constitution of co-operative credit banks by means of loans. The principal are the *Leo XIII People's Bank*, the *Banco de España* and the *Mortgage Bank*.

The first which extends its action over the whole country, has for its object the assistance of the agricultural or industrial working class by means of loans, encouraging the foundation of intermediary associations which guarantee the obligations contracted by the farmers or the industrial workmen. As the action of the Bank extends to the whole country and, consequently, it would be difficult to exercise effectual supervision over all its business, as well as to establish the individual solvency of each borrower, this institution grants all its loans through the medium of intermediary societies or organizations. On the loans the Bank grants the associations an interest of between 4 and 5 % is paid. The society serving as intermediary is responsible for the repayment of the amounts lent to its members, as well as for the payment of the interest, and it must forward to the Bank, before the expiration of the period of the loan, a detailed report of its work. The Bank accepts as savings deposits the amounts the credit banks have at their disposal. These deposits, which may not exceed 5,000 pesetas nor

be withdrawn altogether or in part without 30 days' notice, bear interest at 3 % per ann.

The foundation capital of the Leo XIII Bank was 500,000 pesetas.

To give an idea of the increase of the business of this institution, we give below the amounts of loans and withdrawals since the foundation of the Bank up to 1913 :

TABLE III. — *Operations of the Leo XIII Bank, from its Foundation up to 1913.*

Year	Loans Granted	Amounts Withdrawn	Amounts not Withdrawn at End of Year
	(Pesetas)	(Pesetas)	(Pesetas)
1905	34,583	4,012	30,571
1906	92,547	47,194	75,924
1907	157,455	110,811	122,567
1908	186,906	134,207	175,266
1909	297,925	234,331	238,859
1910	324,980	280,431	283,408
1911	411,000	317,650	376,757
1912	465,515	424,260	419,012
1913	628,854	453,842	594,023
• Total . . .	2,600,765	2,006,738	

The customers of the Bank in the rural districts are 667 associations (syndicates and rural banks) all of them Catholic societies.

The *Banco de España* also grants collective loans to syndicates and rural banks at a rate of interest varying between $4\frac{1}{2}$ and $4\frac{3}{4}\%$. It may also open credits in current account on personal security for the syndicates; but it is often impossible for them to avail themselves of this credit, for want of a guarantee.

The action of this bank in favour of the rural banks has been up to the present not very important. One of the causes contributing to make the agricultural associations hold aloof is that the notarial act the bank requires for the grant of the loans to these associations is excessively costly. As a remedy, the Agricultural Department has recently issued a Royal Order to the Governor of the Bank recommending the substitution of the notarial act required for the grant of loans to agricultural syndicates with unlimited joint and several liability by a certificate to the effect that

the managing committees have been authorized to grant loans, with indication of the number of members, their classification and the objects for which the loan is to be granted. The same Order lays it down that, when the loan is secured on pledge and there is also joint and several unlimited liability of the members of the agricultural syndicate, the interest is not to be fixed at more than 4 %. As this Order was only issued in 1914, its effects cannot yet be appreciated.

The third institution we have indicated above as an auxiliary of co-operative credit is the *Mortgage Bank*, formed with a capital of 50,000,000 pesetas. This establishment was at first started for the benefit of agriculture, but it afterwards increased its urban business to an extraordinary degree and its action in the rural field is of very little importance.

There are other establishments which, although less important, are, thanks to their loans, of real utility for the co-operative credit banks. Let us mention among these the savings banks and pawn establishments of Oviedo, Leon and Cáceres; the *Pósito de los cuatro Sexmos* and the Pedro Rascón Bank of Salamanca; the Central Syndicate of Agricultural Associations of Zaragoza, the Navarre Credit Institute; the Biscay Bank, the Santander Bank and a few others.

Let us finally mention that a Royal Decree of October 16th., 1914 granted the *pósitos* existing in one and the same province the right to unite in provincial federations for the purpose, amongst other business, of granting loans to the agricultural associations.

(*To be continued*).

UNITED STATES.

FARMERS' ELEVATORS IN THE NORTH CENTRAL STATES.

SOURCES:

AMERICAN PRODUCE EXCHANGE MARKETS. *Annals of the American Academy of Political and Social Science*. Vol. XXXVIII. No. 2. September, 1911.

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§ I. METHODS OF MARKETING THE GRAIN CROP IN THE NORTH CENTRAL STATES.

Before beginning any account of the origin and growth of farmers' elevators it will be advisable to describe somewhat fully the methods employed in selling the grain crop of the North Central States. For the purpose we have in view an elaborate description of the credit machinery by means of which the various transactions are financed will not be necessary. It will be sufficient if we examine the transactions themselves, following step by step the process of transferring the grain from the farm to the great terminal markets from which it is distributed for consumption in the United States, or for exportation. It need only be noted that this process of 'moving the crop' can only be accomplished by means of credit, and that the necessary credit must be furnished, ultimately, by the banks. The banks furnish credit to the important elevator companies and to dealers and commission men, who are thus enabled to make advances to their local agents who in turn are able to buy the grain which the

farmer has to offer. Of all the parties concerned in the process, the farmer with least credit at his command is least able to wait,—a fact which, as we shall presently see, made it possible for the grain dealers to establish a monopoly and for a time dictate the price to be paid to the farmers for their grain,—this monopoly in turn leading as a natural result to co-operation among the farmers as a means of defence. It was in this way, in opposition to a monopoly which was felt to be intolerable, that the first farmer's elevator companies were formed.

In marketing grain in the North Central States the part played by the railway companies is of immense importance. Much of the grain produced, whether maize, wheat, barley, oats or rye, has to be shipped long distances by rail into the primary markets, such as Chicago, Minneapolis, St. Louis, Kansas City or Omaha. The price paid to the farmer at the point where he ships his grain is determined by the price in the primary market, and is equal to this latter price less the cost of transport to the primary market and a small selling commission. The farmer first hauls his grain from the farm to the nearest railway station. Here he may have the option of selling it to: (1) an independent dealer, (2) a 'line' company, or (3) a farmers' elevator company.

The independent dealer owns a single elevator (or at most a few elevators at neighbouring stations), and is independent in the sense that he is not connected with any of the large grain syndicates or 'line' companies as they are called. The line company has its headquarters in one of the primary markets and owns, or at least controls, a large number of elevators situated generally along one line of railway. In the primary market it owns a 'terminal' elevator in which the grain sent from the country elevators is stored in the event of its not being sold as soon as it reaches the market. This terminal elevator is generally also a public warehouses for grain, compelled by law to accept grain for storage up to the limit of its holding capacity from any person who may offer such grain.

The farmers' elevator company is an association of farmers owning a country elevator and engaged, like its competitors the independent dealer and the line company, in the business of buying grain from the farmers, storing it for a longer or shorter period and finally selling it in one of the primary markets. It differs from its competitors in being co-operative in character, though its legal status is usually that of an ordinary commercial company and almost invariably it is described as a 'farmers' company, not as a 'co-operative' company.

The buyers who represent the agencies just referred to, regulate their prices for the different kinds and grades of grain by the prices ruling on the nearest primary market. The grain, however, is not inspected by State inspectors, and therefore is not officially graded, until it reaches the primary market, so that each buyer in the country must depend upon his own judgment in determining the proper grade of the grain which the farmers have to sell. Where competition is keen, buyers are naturally inclined to allow the farmer the benefit of any doubt,

and the grain is graded somewhat leniently. Where there is little or no competition it will be graded much more strictly, and probably upon the whole somewhat lower than it should be.

When the grain has passed into the possession of the country elevators the next step is its concentration in the primary markets. The line elevator company sells in these markets through its own representative on the exchange. The independent dealer and the farmers' company sell through commission dealers,—the buyers in either case being the terminal elevator companies and the millers.

Two principal forms of contract to sell are used in Chicago and the other markets of the North Central States. The sales are distinguished as sales 'to arrive' and sales 'on track.' In selling 'to arrive' the country elevator agrees to deliver to the terminal elevator company a 'round lot' of grain (which may be any quantity from ten thousand to a hundred thousand bushels) within the fifteen days following the sale. To fill such a contract the grain is shipped out of the country elevator and each car-load as it reaches the market is turned over to the terminal elevator. Thus a single sale covers a large number of shipments. In sales made 'on track' the grain leaves the country elevator unsold and is offered on the exchange in car-load lots. When the grain is sold the seller hands the numbers of the cars to the buyer and orders the railway company to deliver the grain at the buyer's warehouse. The grain is unloaded under State supervision and weighed by a State official. On the basis of the official figures the seller makes out his bill and presents it to the buyer. If the sale has been made by a commission dealer on behalf of the country elevator an 'Account of Sales' is rendered by him in the following form :

Folio . . .

Duluth, Minn., . . . 19 . . .

Account Sales by

For Account of

Car	Initials	Contents		Date of Sale	Gross Weight	Dockage	Net Bushels	Price	Amount
		Grade	Dockage						
Freight, Inspection and Weighing.									
		Switching			Trackage . . .				
		Reinspection							
		Storage							
		Insurance							
		Commission							
		Days Interest at per cent.							
		Net Proceeds							
		Advanced							
		Balance							

In the above account the item 'Advanced' refers to any sums advanced by the commission dealer to the country elevator company. The latter as a rule has comparatively little capital of its own and works very largely with funds advanced by its own bank or by the commission dealer in the primary market.

It has already been mentioned that grain arriving in the primary market is graded by State inspectors. The system of State inspection — a peculiarly American institution — was introduced in Illinois in 1871, and has been brought to a very high degree of efficiency in Chicago. Formerly all grain was inspected while in the cars at the station yards, but this method of 'track inspection' as it was called was unsatisfactory and was definitely abandoned some eight or ten years ago and substituted by 'office inspection.' By this method each car is sampled while in the station yard and the samples are carried at once to a special office where they are carefully examined and graded by a staff of trained inspectors. This indoor inspection, carried out under the most favourable conditions in a well-lighted and suitably warmed room, is completed with the utmost

despatch and gives excellent results. It fixes the grade at which every parcel of grain which reaches Chicago shall be sold on the exchange. A trader who is dissatisfied with the grade assigned to his grain may ask for a reinspection ; and if dissatisfied with the result of a reinspection may appeal to a Committee of three members, whose decision is final.

Returning to the question of the forms of contract to sell that are used in the primary markets, it must be observed that a certain amount of grain is not offered for sale upon its arrival but passes into one or other of the public elevators and is stored there in the expectation of a rise in prices. When the market is considered favourable this grain is offered on the exchange as grain ' in store '. This method of selling ' in store ', however, is but little used in the United States where nearly all the grain is sold ' on track ' or ' to arrive '.

The terminal elevator companies, who are the chief buyers in the primary markets, make their profits mainly from the storing and mixing of grain, and sell finally to the shippers and exporters who supply the Eastern markets of the United States or sell to foreign countries. A terminal elevator company may hold the grain it has bought and, when a favourable opportunity offers, sell it at a profit without in any way altering the quality ; but as a rule it mixes, and where necessary, dries and cleans the grain in store in such a way that when inspected on being sold out of the elevator it will grade higher than when bought by the company. Mixing different qualities of grain for the purpose of raising the grade and so making an additional profit upon selling it, is a perfectly legitimate process, but is at the same time one which in the interests of honest trading calls for regulation. Obvious abuses are prevented by imposing certain restrictions upon mixing. Stored grain, that is grain which is in the keeping of a public elevator company but does not belong to it, may not be mixed with other grain except with the authority of the owner of such grain ; and both before and after mixing it must be kept in separate bins so as to preserve its identity. Under severe penalties an elevator company is prohibited from mixing grain which does not belong to it with the object of making a profit for itself, but there is a great deal of mixing done with the grain bought by the companies for resale, and it is defended as being in the long run profitable to the farmers. The elevator company, it is contended, is willing to buy from the farmer grain which for any reason is so inferior as to be unclassified, and to pay a fair price for such grain knowing that by judicious mixing it can be turned into a marketable product. If mixing did not take place, all inferior or damaged grain — what is called ' no grade ' grain — would of necessity remain unsold in the hands of the farmer.

So far the selling process has been traced to the concentration of the grain in the primary markets. The next group of persons concerned in the process of distribution is made up of the dealers in the seaboard markets of the United States. They buy the grain from the terminal elevator companies and sell it in the Eastern States to millers and grain merchants, or if they are exporters, offer it upon the great European markets

such as Liverpool, Antwerp and Hamburg. In addition to trading upon his own account a dealer in a seaboard market like New York or Philadelphia often acts as agent for shippers in the primary markets.

The seaboard dealer who sells for export, in calculating the price which he can sell, has to take into account a great many factors, — the cost of the grain at the seaboard, the rate of exchange, the cost of ocean freight and insurance, interest, broker's commission and his own profit. Some of these factors are subject to sudden, and often to very wide fluctuations. The legitimate grain dealer does not speculate upon these fluctuations. His object is to make a fair and, if possible, a regular profit upon his sales, and he combines his transactions in such a way that he is insured against the risk of any fluctuation occurring after he has entered into a contract. In fact, not only the exporter but every dealer in grain, whether at the small country stations, in the primary markets, or in the seaboard towns, covers his transactions by a species of insurance, and it is only because dealers are thus able to contract out of certain risks that they are able to buy and sell huge quantities of grain with security. The risks are borne by a special group of persons whose profession is the acceptance of such risks, and the legitimate grain dealers are thus left free to devote their specialised knowledge and their capital to the problem of distributing each year's crop of grain.

We have now to examine the circumstances under which a number of large companies established and for a number of years maintained a monopoly of the trade.

§ 2. THE MONOPOLY OF THE LINE ELEVATOR COMPANIES.

Until some time after 1870, farmers in the North Central States appear to have been satisfied with the treatment they received from dealers in the matter of prices for grain. They complained, it is true, that the high freight rates charged by the railway companies unduly diminished the prices established in the primary markets; but among any group of farmers anywhere in the United States a grievance against the nearest railway company may be regarded as not only chronic, but incurable. Amongst the buyers in each district competition was keen, and the farmer who hauled his grain to the railway station had only to wait until each dealer had bid for the grain and then sell to the highest bidder. Some of the dealers owned elevators where they could store the grain they bought; others had no facilities for storing and loaded the grain straight from the farmer's wagon into the railway freight car. A dealer of the latter type was known as a 'track buyer', or in the language of the trade, a 'scooper'.

But while this system of free competition benefited the farmer it proved disastrous to many of the grain dealers, who in their own defence formed grain dealer's associations which, within a few years of their formation, had gained effective control of the trade.

The dealers had certain legitimate grievances. They sometimes suffered heavy losses through dishonest commission sellers in the primary markets. They were at times cheated by weighmasters in the same markets; and they lost each season an appreciable quantity of grain on account of leaky and badly constructed cars which lost or wasted the grain in transit. The grain dealers' associations by employing their own agents and inspectors were able to effect various improvements in the organisation of their business, and in particular secured valuable concessions from the railway companies with respect to the carrying service furnished and the rates charged. The net result was to eliminate much of the speculative element from the trade.

Had the dealers' associations confined their activities to effecting economies in the business of selling grain, there could have been no possible objection to the policy of combination. But they began soon to adopt very different methods of promoting the interests of their members. The regular dealers had always been hostile to the track buyer, and they now determined to crush him. The associations first passed resolutions binding their members to refuse to deal with any commission firm that accepted business from track buyers. Commission men, naturally, at once stopped selling for track buyers, whose business was at any time an uncertain quantity, many such buyers entering the market only when profits were exceptionally high. In addition, the associations attacked the track buyer through the railway companies, inducing the latter to make a rule to the effect that cars would only be supplied to those shippers who, when making application for the cars, could show that the grain was actually awaiting shipment at some point on the railway line. As the track buyer had no place in which to store grain it was thus made practically impossible for him to obtain cars. He had been accustomed to ordering the cars first and buying the grain afterwards.

The associations having practically crushed all outside competition found it a comparatively easy matter to restrict competition among their own members in such a way as to ensure to each member a reasonable profit after paying all expenses; and when this point had been reached it was realised by certain elevator owners and capitalists that the grain trade offered an exceptional field for the formation of strong controlling syndicates. Between 1887 and 1890 the trade passed almost entirely into the hands of a small number of syndicates, each of which controlled the trade along one line of railway. As a rule the grain syndicate was represented upon the board of directors of the railway and this system of 'interlocking directorates' gave the syndicate a virtual monopoly of the business of buying and selling grain within the whole of the territory served by the railway line. Moreover, the promoters and largest shareholders in the grain syndicates were owners of public warehouses in the primary markets. When it was necessary to store grain, the syndicate as grain dealer would be paying storage charges to itself as warehouse proprietor, and as warehouse proprietor would be charging storage to its competitors in the grain business. It is asserted that by 1890 or shortly afterwards real public

warehouses no longer existed in Chicago. All the elevators were owned or controlled by the line companies.

When these companies had secure control of grain buying in the country, the position alike of the farmer and of any grain dealer who attempted to act independently soon became intolerable. We have seen how the grain dealers' associations prepared the way for monopoly by limiting competition among their members. With the advent of the line companies the associations ceased to be in any sense associations of independent dealers and became simply the representatives of the line companies. Only 'regular' dealers, that is to say those who worked in harmony with the line companies, were admitted into the associations: 'irregular' dealers, who preferred their own methods of doing business to the methods dictated by the syndicates, were boycotted by the commissions dealers, harassed and opposed in every possible manner until either they were driven out of business or, to avoid financial ruin, became 'regular.' Some of the line companies controlled as many as six hundred country elevators, so that it is easy to understand how they were able to manipulate the grain dealers' associations.

The methods resorted to by the associations were clearly stated in the case *State of Nebraska v. Omaka Elevator Company* (1). The evidence presented on behalf of the State established the fact that the Nebraska Grain Dealers' Association on April 1st, 1905, had a membership of seven hundred, and that another two hundred dealers, although not members of the Association, were working in harmony with it. Out of some twelve hundred dealers in the State, the Associations thus controlled nine hundred. The main objects of the Association were 'to fix, regulate and control the price of grain in the State; to put an end to competition in the grain business; and to drive out of business all irregular and independent dealers in grain' (2).

To achieve these objects the following expedients were adopted. In the first place a price committee of five members was appointed which fixed the prices to be paid for grain throughout the State by members of the Association and dealers working in harmony with them. All these persons were from time to time notified by card of the prices established by the committee, and all buyers in the same locality were required by the rules of the Association to make the same offers for grain. The list of prices was changed as often as the fluctuations of the market made it necessary.

When a dealer at any buying point refused to adhere to the price list of the Association he was summarily dealt with. If he was known to be the possessor of a comparatively small capital, the regular dealers, financed for the purpose by their Association, outbid him in their offers to the farmers; that is to say, for a time they paid the farmers at that point more than their grain was really worth, so that the independent dealer could secure no trade and was soon driven out of business or forced to surrender. As a rule

(1) 75 Nebraska, 655.

(2) From the report of the referee in *State of Nebraska v. Omaha Elevator Company*.

he followed the scriptural injunction and agreed with his adversary quickly. Where, on the other hand, the would-be independent buyer was strong financially, the Association made no attempt to raise prices against him. They attacked him through the dealers in the primary market where he sold, who would be prevailed upon to offer him less than the ruling price for his grain, thus compelling him to sell at a loss. In this way all opposition to the line companies and the Association was speedily crushed.

It is interesting to note that by the rules of the Nebraska Grain Dealers' Association the members of the price committee were to be appointed from the five leading companies within the Association. Thus all the smaller line companies, all the individual dealers and, lastly, all the farmers who toiled year by year to produce the grain, were exploited in the interests of a few gigantic companies.

The position in other States was practically the same as in Nebraska. Before 1900, and in many districts as early as 1890, the Associations had secured a complete monopoly. They not only fixed the prices to be paid, but determined the amount of grain that each member was entitled to buy. Those who exceeded the amount allotted to them were fined by the association in proportion to the excess amount acquired, and the amount collected in fines was distributed among the members who had secured less than their allotted amount. There was, therefore, no reason why any dealer should show himself specially active in securing grain at the buying points. The farmer who, under these conditions, hauled his grain to the railway, found all the dealers at the shipping point quite indifferent as to the ultimate destination of the grain he had to sell. Each offered the same price as all the others. The farmer could accept the price or haul the grain back to the farm.

When engaged in building up their monopoly the line companies had begun in each locality by offering high prices, and had done their best to persuade the farmers that it was to their own interest to deal with powerful companies, as such companies were able to work much more economically than small firms. When once the monopoly was established the farmers found that the high prices were but a temporary phenomenon, and that, whatever economies might be effected by large scale dealing, they did not reap any of the benefit. As we shall now see, the lesson which the farmers thus learnt soon bore fruit.

§ 3. THE RISE OF THE FARMERS' ELEVATORS.

Under the conditions which have just been described the first farmers' elevators were formed. The farmers in the village of Rockwell, Iowa, were the pioneers of the movement (1) and formed a farmers' company in 1889

(1) A number of farmers' elevators had been formed at various points in the North Central States at a considerably earlier date. But their history had been brief and inglorious. Refsell, writing in the *Journal of Political Economy* says: "As a result of mismanagement and other difficulties practically all of them failed after but a few stormy years of operation." The Rockwell company was certainly the pioneer company of the present movement.

or 1890, but for some reason their example was not followed by farmers in other districts till 1900, when two more elevator companies were formed.

The members of the Rockwell company introduced into their bye-laws a clause upon which it may be said that the success of the whole of the co-operative movement in the grain trade is founded. This is what is generally called the 'penalty clause' and it enacted simply that each member should pay into the funds of the company a commission of one-half cent per bushel upon all the grain he sold, whether sold to his own company or to a competing elevator. The effect of this clause which it would be more accurate to describe as a 'protection' clause, is evident. The half cent which the farmers pay when they sell thorough their own company represents the estimated cost to the company of storing the grain and negotiating its sale. The company receives this commission whether it handles the grain itself or allows the member to sell to a competing company, so that it cannot be driven out of business by its competitors offering high prices. The higher the prices they offer the less profit they will have for themselves, and in the meantime the high prices they are paying are helping to support the farmers' elevator.

The 'penalty clause' was the weapon with which the Rockwell farmers fought and defeated the monopoly. The line companies and the grain dealers' associations tried by every device known to them to drive the farmers company out of business, but the members of the latter proved determined and resourceful, and the line companies finally gave up the struggle. Like most beaten combatants they tried to minimise the importance of the fight and made light of the farmers' victory. But in the course of time farmers in other localities heard of the successful stand that had been made against monopoly, learnt the methods of the Rockwell farmers, and began to follow their example. By 1903, more than twenty farmers' elevators had been formed. A year later, although the movement was confined to the states of Iowa and Illinois, there were one hundred and twenty in operation. The monopolists, seeing their position seriously threatened, did all in their power to impede the spread of the movement. They were particularly active in circulating news of mismanagement and failure among the farmers' elevators. They tried to persuade merchants of all kinds to oppose the farmers, assuring them that co-operative elevator companies would not long confine their activities to dealing in grain but would become competitors of the merchants in every line of business. They compelled the commission dealers to boycott the farmers, and by this last method they almost succeeded in driving the farmers out of business, --- almost, but not quite, for even at the worst moment when the farmers' companies were boycotted on every side, there were two commission firms in Chicago that continued to do business for them.

The natural resentment felt by the commission dealers to the interference of the line companies with the business of selling grain in the primary markets, led inevitably to a reaction of opinion in favour of the farmers. The commission dealers found their own field of operations curtailed, and saw that a monopoly of the grain trade at any stage threatened their own

interests. In this frame of mind they began to lend their active support to the spread of the farmers' elevator movement. The existing elevator companies soon found that if they were to command respect they must establish a central organisation of some kind, and in 1903 the Illinois Farmers' Grain Dealers' Association was organised at Springfield by the fifteen farmers' companies of the State. The following year the Iowa State Association was formed at Rockwell with some twenty members. These associations, supported by the commission dealers who had been boycotted by the line companies, immediately began an active campaign for the extension of the co-operative movement,— helping weak companies found-
ing new ones and instructing the farmers in the methods of organising a company.

The success of the movement soon exceeded the expectations of its most sanguine supporters. The Illinois Association, which in 1903 consisted of a few companies whose commercial success was doubtful, had grown by 1905 into a union of 125 prosperous companies. Progress had also been rapid in Iowa, where, in 1905, there were at least 78 farmers' elevators in operation. The associations, greatly facilitated the work of organising the local companies. They obtained concessions for sites for the erection of elevators from the railway companies, — in one case at least after a long fight in the courts. The actual organisation of a company when undertaken by an association was completed in a few months, whereas formerly it had taken the farmers a year, and in many cases as long as two years, to overcome the initial difficulties of forming a company.

The annual meetings of the state associations did much to help the spread of the movement. These meetings, which generally lasted two or three days, were attended by delegates from all the farmers' companies in the state who were thus able to compare their experiences, help and advise one another and perfect their plans for the coming year.

As soon as the farmers realised that they could compete successfully with the regular dealers and the gigantic companies the growth of the co-operative movement was rapid. It spread from Iowa and Illinois into Minnesota, Kansas, South Dakota, North Dakota, Wisconsin and Indiana; and at the present time all these states except Wisconsin and Indiana have their own associations of farmers' elevator companies.

The growth of the movement in the various states is shown in the following table (1).

(1) From the *Journal of Political Economy*, December, 1904. The figures, collected from the published reports of the annual meetings of the State associations, are in some cases approximate only. It is probable that the number of elevators has been underestimated rather than overestimated in the table, owing to the fact that where it has not been possible to obtain the figures for any particular year the latest figures available have been repeated. Powell, in *Co-operation in Agriculture* gives the number of farmers' elevators in the United States in 1911 as follows: Iowa 327, North Dakota 315, Minnesota 266, Illinois 235, South Dakota 222, Nebraska 193, Kansas 126, Wisconsin 38, Oklahoma 33, Indiana 24, all other States 87.

Farmers' Elevators in the North Central States, 1903-1913.

	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913
Illinois	15	90	125	125	150	170	170	225	300	300	300
Iowa	7	30	78	175	200	209	250	300	324	347	347
Minnesota	—	—	—	150	168	178	205	224	240	277	307
North Dakota . . .	—	—	—	85	85	85	85	85	300	350	350
South Dakota . . .	—	—	—	100	100	100	150	200	200	200	220
Nebaska	—	—	—	—	—	140	160	200	200	200	200
Kansas	—	—	—	—	—	—	—	—	—	—	32
Total	22	120	203	635	703	882	1,020	1,234	1,564	1,694	1,756

The work of consolidation did not stop with the formation of state associations and the holding of an annual state convention. In 1911, after various informal meetings, the National Managers Association of Farmers' Co-operative Companies was organised at Chicago. The following year the 'National Council of Farmers' Co-operative Associations' was formed at Minneapolis. This Council has already lent valuable help to the whole movement. It consists of delegates from all the state associations, and is occupied largely with providing expert legal advice to farmers' companies and with watching carefully over legislation both in Congress and in the state legislatures.

§ 4. THE FARMERS' ELEVATOR COMPANY AS A BUSINESS ORGANISATION.

It remains for us to examine a little more closely the internal organisation of a farmers' elevator company.

Such a company is usually registered under the ordinary company laws of its own state. It is sometimes described as a co-operative company and occasionally the word 'Co-operative' forms part of the registered title. The capital is ordinarily about \$10,000, but may be as low as \$2,500 and is sometimes as high as \$20,000. Shares are issued, generally of a nominal value of 25 or 50 dollars. The number of shares which may be held by any one person is usually limited; or the number of votes to which a member becomes entitled is limited without regard to the number of shares he may hold. Very often each shareholder has one vote only. As a rule, shares either are not transferable or their transfer is in each case subject to the approval of the board

of directors. The history of a number of farmers' companies has proved the need for such restrictions. In some cases in the past the line companies, by the simple process of buying up a majority of the stock issued, obtained control of the farmers' company. In one well-known case, which gave rise to an important legal decision, a shareholder in a certain farmers' elevator company demanded leave to examine the company's books. It was during the period when the boycott was at its height and the company was able to do business only by keeping secret the names of the commission firms with which it dealt. It was known that the shareholder in question was acting for the opponents of the company; and leave to examine the books was refused. The shareholder brought an action, but the court upheld the right of the directors to refuse to reveal the affairs of the company to a competitor.

The business of the farmers' company is conducted by a manager who is an expert grain buyer. The company buys the grain at a fair price, and when competition is keen pays the farmers the primary market price less the cost of freight, and assesses the cost of working against the members in proportion to the amount of their dealings with the company, in this way forcing its competitors to do business without making any profit.

Since the farmers' companies are usually recognised under the ordinary company law the shareholders are entitled to participate, in proportion to their holdings of shares, in any profits earned. In the majority of farmers' elevator companies therefore, profits are distributed as in an ordinary commercial company. Some few states however, have passed special laws dealing with co-operative societies, and a number of farmers' companies, availing themselves of these laws, distribute their profits on the co-operative principle. In these cases a definite rate of interest is paid upon share capital, and that part of the net earnings which remains is distributed among the patrons in proportion to the amount of business they have transacted with the company during the year; and since a farmers' elevator does not usually confine itself to dealing in grain but sells other commodities as well, the basis upon which profits are distributed is the money value of the patron's business, taking into account both purchases and sales.

The principal business of the farmers' elevators consists in the buying and selling of grain, but incidentally they do a very considerable business in supplying their members with coal and timber, bricks and drainage tiles, and even with farm machinery, binder twine and oil. About ninety per cent. of the farmers' elevators sell coal to their members, who effect a saving of from 50 cents to a dollar per ton by purchasing through their own company. In the coal business the farmers met with much the same kind of opposition as they had already encountered in the grain trade; but when they began to buy and sell coal they already possessed in their elevator companies an established organisation; they had a considerable capital at their disposal; and they had learnt much from their fight with the line companies. The wholesale dealers in coal attempted to boycott the farmers' companies, but they were never very successful.

and the farmers won their second fight against established interests with comparative ease.

A number of farmers' companies, in addition to handling grain, act as livestock selling associations. They collect at regular intervals all the stock which their members have ready for sale, earmark and weigh each animal, and make up full car-loads for the central markets. Professor Hibbard of Wisconsin University estimates that one-eighth of the farmers' elevator companies in Iowa undertake the sale of livestock for their members.

In each branch of business, whether buying or selling, the aim of the companies is to give the highest possible return to the patrons. There is a certain element of danger in the fact that most of them are registered as ordinary companies. The interest of the shareholders is to keep the margin of profit at least fairly high so as to ensure the payment of a dividend upon shares. The interest of the patrons is to keep profits down to a minimum. Unless the interests of both coincide, a company is to a certain extent in a state of unstable equilibrium. Patrons are generally — though not always, and not necessarily — also shareholders, and in practice the companies work smoothly enough. It is recognised, however, that whenever possible a farmers' company should be definitely organised as a co-operative company. Unfortunately it is only in very recent years that special legislation dealing with co-operative societies has been passed in any of the states, and it is hardly to be expected that a farmers' company, organised before the appearance of such legislation and working satisfactorily as a commercial company, should undertake the difficult task of reorganising as a co-operative association.

Part II: Insurance and Thrift

AUSTRIA.

PRESENT POSITION OF LIVESTOCK INSURANCE.

The objection is often brought against the assumption of economic functions by the State or other public bodies that the public administration, save in rare instances, does not succeed in satisfying the economic requirements of the population as well as private action, since it is bound by numerous conventions and generally unable to meet the variable requirements of economic life with the same rapidity as the more independent and more adaptable private undertakings: this objection has been often made against State intervention in the field of insurance.

However, many practical examples exist to show that the public insurance institutes can work successfully and are alone in a position to solve certain serious problems of social politics, because they are unhampered as far as is possible, by the general systems of bureaucratic administration and consequently enjoy the necessary freedom of action.

And especially in the field of agricultural insurance have the public insurance institutes of several States a highly important function.

In Austria livestock insurance is almost entirely undertaken by public institutions, except in the cases in which it is entrusted to the local livestock insurance societies, now antiquated and unable to realise important results.

A very important account of the position of livestock insurance in Austria, based on the statistics of the year 1913, is to be found in a report of the Provincial Administration of Lower Austria laid before the Diet of that province (1).

(1) "Report of the Provincial Administration of the Archduchy of Austria below the Enns on the Studies made with regard to Livestock Insurance" — $6\frac{1}{2}$ Schedule attached to the Report of the Provincial Diet of the Archduchy of Austria below the Enns, Vth. Parliament, Vth. Session, Presented and Approved on June 24th, 1914.

From this report drawn up by one of those best acquainted with the subject of livestock insurance in Austria, the Deputy Manager of the Viennese Institute for Livestock Insurance in Lower Austria, Victor Schromm, the greater part of the information given in this article is derived. We have at the same time availed ourselves of the annual reports of the several provincial institutes published later, so as to make our study as complete as possible.

§ I. STATE ASSISTED LIVESTOCK INSURANCE IN AUSTRIA.

In Austria for some years public livestock insurance has been making notable progress, especially as a result of the subventions that have been granted since 1910 to insurance institutes founded in the different provinces of the State.

In accordance with the law of December 30th., 1909 (R. G. Bl., No. 222), a fund has been formed for the encouragement of livestock rearing and improvement, to which 6,000,000 crowns a year are assigned up to 1918 inclusive. Out of this fund important contributions are placed at the disposal of the various Provinces of the Empire for purposes of livestock insurance.

Without these grants of public money, livestock insurance would not be able to develop properly, since it would be too costly for many farmers. The assistance of the State is, indeed, also justified by the fact that this insurance liberates it from many other obligations. Were it not for it, the State would probably have to pay far larger sums in relief in cases of public calamity. The law of August 6th., 1909 (R. G. Bl., No. 177) on epidemic livestock diseases establishes the obligation of the State to give compensation in case of extraordinary losses of livestock, providing for Government subsidies in the case of animals dying from certain definite infectious diseases. Practically this compensation in the case of some diseases (especially tuberculosis) is only granted in an extraordinarily limited number of cases, in others (for example, symptomatic anthrax) only partial compensation is given. Since the provincial livestock insurance institutes also in these cases pay the regular compensation established, the State subsidy must be regarded as partly a compensation for the assumption by these institutes of duties that would otherwise be really incumbent on it. Further, the livestock insurance institutes, by means of the measures they adopt in combating tuberculosis and for the improvement of the feeding and keep of livestock, contribute to attain the same ends as the Government institutions for the improvement of agriculture; therefore, even from this point of view, there is justification for a certain amount of State assistance.

The following table shows how the contributions from the fund for the encouragement of livestock rearing and improvement are distributed among the provinces of the Empire and the proportion assigned in 1912 for livestock insurance.

TABLE I. — *Distribution among the Provinces of the Empire of the Contributions out of the Fund for the Encouragement of Livestock Rearing and Improvement. Year 1912.*

Province	Horned Cattle, according to the Census of December 31st., 1910 serving as the Basis for the Distribution	Contribution Due to Each Province, according to the Number of Livestock	Proportions of the Contribution and of the Credit Balance from Previous Years, Assigned for Livestock Insurance	
			Total crs.	%
	Number of Head	crs.		
Lower Austria	609,509	332,656.53	100,000 —	30
Upper Austria	552,877	301,795.08	30,000 —	10
Salzburg	128,618	70,207.81	2,000 —	3
Styria	683,443	373,066.22	152,489.37	41
Carinthia	222,383	121,390.65	12,000 —	10
Carniola	226,977	123,808.35	—	—
Tyrol	412,667	225,259.63	50,000 —	22
Vorarlberg	58,592	31,983.21	33,854.14	106
Triest and Territory	3,129	1,708.01	83.15	5
Goritz and Gradiska	75,399	40,932.64	—	—
Istria	60,490	33,019.26	6,000 —	18
Dalmatia	104,716	57,160.59	—	—
Bohemia	2,290,587	1,250,319.56	353,182.39	28
Moravia	801,178	437,437.56	50,000 —	11
Silesia	196,526	107,330.86	—	—
Galicia	2,505,012	1,367,429.84	162,177 —	12
Bukovina	227,906	124,405.45	8,000 —	6
Total	6,000,000 —	959,786.05	—

These amounts for livestock insurance must be considered rather high in proportion to the total amount assigned for the encouragement of agriculture when we remember that in the Estimates for 1913 altogether 29,000,000 crs. were assigned for the purpose, especially when we consider that the amount of 29,000,000 crs. must be reckoned rather small as the agricultural population (13,836,074 on December 31st., 1900) is 48.4 % of the entire population of Austria.

With this financial support livestock insurance in Austria has developed with extreme rapidity in recent years: the institutes already existing

have made considerable progress and in a certain number of provinces new ones have been founded. On page 33 of the above report of the I. R. Minister of Agriculture, the hope perhaps somewhat too optimistic, is even expressed, "that at the end of the period fixed for the Law of December 30th., 1909, for the contribution of the State to the above fund, every district of the nation will possess its own institutes for livestock insurance".

§ 2. PUBLIC INSURANCE OF LIVESTOCK IN LOWER AUSTRIA, CARINTHIA, MORAVIA, UPPER AUSTRIA AND THE TYROL.

It is impossible to give a complete account of Austrian livestock insurance, because, among the annual reports and returns at our disposal, published in the most various languages, there is no statistical return nor any exact account of the provincial insurance institutes.

We shall here chiefly follow the above mentioned report of the Provincial Administration of Lower Austria, which in the first place deals at length with the livestock insurance institutes of Lower Austria, Carinthia, Moravia, Upper Austria and Tyrol and then with the institutes that have arisen in other provinces, partly in consequence of the fund assigned for the encouragement of livestock rearing and improvement.

Table II reproduced from the above report gives information in regard to the present situation of the five insurance institutes above mentioned. Table III gives a very instructive view of the financial position of the provincial livestock institutes of Lower Austria, Carinthia, Moravia, Upper Austria and Tyrol.

TABLE II. — *Situation of the Provincial Livestock Insurance Institutes of Lower Austria, Carinthia, Moravia, Upper Austria and Tyrol.*

Provincial Livestock Insurance Institute of	Year of Foundation	Working Year	Business Situation			Census of 31-12-1912	Percentage of Horned Cattle Insured	Provincial Horse Insurance Institute Existing			
			Members	Horned Cattle	Amount			from	Horses Insured		
								Numbers	Head		
Lower Austria . . .	1898	1911/12	46,424	146,601	53,733,590			24,95	1900	57,108	
		1912/13	46,859	152,081	58,928,710	609,509					
Carinthia. . . .	1899	1912	6,274	26,557	8,800,050	222,381	11.95	—	—	—	
		1913	7,711	30,278	10,879,220	—	—	—	1912	2,255	
Moravia (1) . . .	1900	1912	32,173	85,947	33,879,260	801,178	10.73	1912	11,762		
Upper Austria . . .	1902	1912	5,150	14,740	4,841,045	552,877	2.67	1906	7,315		
Tyrol	1907	1912	16,215	73,321	29,166,690	412,667	17.76	—	—		

(1) In the case of the Provincial Institute of Moravia it must be observed that at first most of the animals insured (horned cattle and horses) were insured with the institute, while only a few were insured in local societies, which, in their turn, entered into arrangements with the Provincial Institute with the object of reducing their risks. In 1902, 23,312 head of livestock were insured directly and only 1,458 with the local associations. Gradually more local associations were founded and the animals formerly directly insured were entered in their books. Still in 1907, 56,779 head of livestock were insured directly and 19,639 with the local associations. Already in 1910 the proportion was inverted, since for 1910 head directly insured, as many as 58,419 were insured in local societies. On June 30th, 1911, all the policy holders were registered with the local associations. The institute consists of a German and a Czech division, administered separately. Since 1911 there has existed a provincial league for the insurance of the horned cattle of large landowners, and another for the insurance of store cattle. Each of them has two divisions and they are registered with the Provincial Institute like the local associations.

TABLE III — Financial Situation of the Provincial Livestock Insurance Institutes of Lower Austria, Carinthia, Moravia, Upper Austria and Tyrol.

Provincial Institute	Working Year	Financial Situation (crs.)				Ordinary Premium for not less than 40 Head of the Local Associations	Supplementary Premium to Meet Deficit in the Local Associations	Average Value of Assured Value				Amount of Subvention from Government Treasury	Observations	
		Credit Debits	Credit Debits	Debits	Credit Debits			Percentage of Assured Value	Per Head of Insured crs.	Percentage of Assured Value	Per Head of Insured crs.	Percentage of Assured Value		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Lower Austria	1911/12	152,081	507,000	—	170,419	94,472	1,110	0.17	1.27	100,000	0.65	0.169	Special Premium Rates for Horned Cattle of more than 600 crs. value.	
Carinthia	1911/12	26,557	24,894	—	17,866	14,405	1,25	1 —	1.25	1 —	1 —	1 —	Facilities for Members who undertake not to withdraw for a period of from 5 to 10 years. Special premium rates for Horned Cattle of more than 600 crs. value.	
Moravia	1912	85,947	—	98,650	74,237	96,226	1,35	0.18	1.43	12,000	0.45	0.137	For all Immediate Insurance, with addition of 2.50 % of the value assured for working expenses. Special premium rates for horned cattle of more than 800 crs. value.	
Upper Austria	1911/12	14,740	41,475	—	12,520	12,411	1,30	—	—	1,30	30,000	2.04	0.619	
Tyrol	1911/12	73,325	—	37,943	—	117,960	(2)	—	—	—	—	—	—	The value of one head of horned cattle insured must not exceed 600 crs. in any case.
								(1)						(1) The deficit is entirely covered by the association's funds. — (2) Since the annual report does not show the total amounts of expenditure all of revenue of the individual local institutes, the difference between the income and the expenditure is shown as deficit.

These figures make clearly evident the defect common to all the Austrian livestock insurance societies, namely that they have fixed their ordinary premiums too low to cover the claims even of an ordinary year. The losses compel them to ask for supplementary premiums of no small amount (see column 9) and cause a reduction of their capital, and in some cases even the capital consists exclusively of debts to the Provinces.

The supplementary premiums are a source of serious discontent, since the owners of the livestock do not know their amount at the start, and are induced to leave the institute to insure elsewhere on more favourable terms. The losses are brought over from one year to another.

They, therefore, must increase in a period that may be foreseen to be brief to such an amount as to necessitate the adoption of a vigorous reform and a radical improvement of the various institutes. Already in 1910 the Lower Austria Insurance Institute, on account of its debts, had to be reformed ; successfully as the following table shows :

TABLE IV. — *Financial Situation of the Lower Austria Provincial Livestock Insurance Institute, before and after its Reform.*

Date	Reserve Fund		Funds of the Associations of				Number of Associations		
			Small Livestock Farmers (1)		Large Livestock Farmers (1)				
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	
	—	—	—	—	—	—	—	—	
	crs.	crs.	crs.	crs.	crs.	crs.	crs.	crs.	
<i>Before the Reform of the Rules :</i>									
September 30th., 1908 . . .	114,592	—	56,421	165,153	—	20,840	357	363	
September 30th., 1909 . . .	—	67,830	47,093	223,151	—	39,483	326	594	
March 31st., 1910	—	124,726	23,733	251,040	—	55,064	270	630	
<i>After the Reform</i>									
September 30th., 1910 . . .	39,315	—	63,242	119,781	—	25,581	420	483	
September 30th., 1911 . . .	302,086	—	104,827	109,716	—	100,801	533	351	
September, 30th., 1912 . . .	379,464	—	135,178	94,547	1,548	18,524	594	315	
September 30th., 1913 . . .	507,081	—	170,419	94,472	1,255	19,585	565	326	

(1) It must be remembered in this connection that the Lower Austria Livestock Insurance Institute, on account of the difference in the risks, insures the livestock of small and large stock farmers separately, presenting thus a contrast, for example, with that of Moravia, in which the horned cattle of the large farmers are insured on equal terms, as in the ordinary local associations.

It appears from the reports that a reform and an amendment of the rules has been proposed in the case of the Tyrol institute.

In any case a reform will be of the utmost benefit for the livestock insurance societies, the more so as the subventions out of the Government fund for the encouragement of livestock improvement will presumably cease with the year 1918.

In Table V we give statistics of losses and the results of the working year for the several provincial institutes.

The statistics of the working expenses of these institutes are given in Table VI.

TABLE V. — Losses and Claims Paid by the Provincial Insurance Institute
of Lower Austria, Carinthia, Moravia, Upper Austria and Tyrol.

Provincial Institute of Working Year	Horned Cattle Insured	Losses			Percentage of Losses Among the Horned Cattle Insured	Average Value per Head	Average Amount Paid per Loss			Compens- ation as Per- centage of Average Value per Head of Horned Cattle			Reimbursement by Local Assur- ed Unions				
		Compulsory Slaughter					Death	Total	Assured	Compen- sation as Percentage of Sale of Car- case	Proceeds from Sale of Carcase	Amount Paid in Money	Total	Assured	Compen- sation as Percentage of Average Value Assured		
		Head	%	Head	Head	%	Head	%	Head	Head	%	Cr.	Cts.	Head	%		
Lower Austria . . .	1912-13	3,308	81.36	758	18.64	4,066	2.67	2.45	408.92	387.48	128.41	40.48	188.82	39.52	317.23	31.40	
Carinthia	1911-12	26,557	51.2	65,73	267	34.27	779	2.93 (1)	2.90	325.06	331.36	94.70	36.78	162.67	63.22	257.37	29.13
Moravia	1912	85,941	2,259	88.52	293	11.48	2,352	2.97	3.04	413.20	394.65	162.51	46.46	187.21	33.54	349.72	39.33
Upper Austria . . .	1911-12	14,740	425	89.10	52	10.90	477	3.24	3.17	327.92	328.43	103.04	39.92	155.47	60.08	258.51	31.42
Tyrol	1911-12	73,321	1,179	59.40	806	40.60	1,985	2.71	2.57	365.49	307.79	73.17	25.03	219.20	74.97	293.37	20.02

(1) Average for the last 7 years.

TABLE VI. — *Total Working Expenses of the Provincial Insurance Institutes of Lower Austria, Carinthia, Moravia, Upper Austria and the Tyrol.*

Provincial Institute	Working Year	Number of Head of Horned Cattle Insured	Expenditure in Crowns per Animal Insured		
			Expenses for Verification of Loss of the Officers of the Veterinary Association	Special (Local) Working Expenses of the Veterinary Surgeons	General (Central) Working and Other Expenses
Lower Austria	1912-13	152,081	0.05	0.22	0.51
Carinthia	1911-12	26,557	0.10	0.20	0.59
Moravia	1912	85,947	0.10	0.49	0.48
Upper Austria	1911-12	14,740	0.17	0.24	0.48
Tyrol	1911-12	73,321	—	—	0.38
					0.43
					0.81

(1) In 1912-1913, 1.71 crs. — (2) It is reckoned that of the total working expenses of the whole Institute, indicated in the Annual Report as, in round numbers, 185,000 crs., 65,000 crs. were spent in connection with the horse insurance division, insuring 11,762 horses, and 125,900 crs. in connection with that for horned cattle insurance, insuring 85,947 head; account was also taken of the other expenses indicated in connection with the horned cattle insurance division.

We see from this table that the working expenses of the provincial livestock insurance institute are comparatively very small.

This greater economy in the working expenses is a consequence of the organization being based on as great a decentralisation as possible. While the other institutes conduct, according to the information and reports received from the local associations, the whole work of management, in the Tyrol it is instead the officers of the local associations who perform most of it.

While, for example, in the other four institutes the claims were paid on the basis of the proposals of the management of the local associations, the Tyrol Institute had alone the right to verify losses in the case of claims already paid and eventually to refuse to pay its share of the amount re-insured when the rules had not been conformed to. A really extraordinary economy has been realised in the working expenses, as the intervention of the federal officers and veterinary surgeons for the verification of the losses is not necessary. (1)

On the other hand, the other provincial insurance institutes pay their experts commission (in Lower Austria 10% of the premium) and give them allowances in the case of their investigation of losses and they also give the veterinary surgeons allowances for their intervention and the preparation of the reports of losses.

§ 3. LIVESTOCK INSURANCE IN OTHER PROVINCES.

Vorarlberg has the oldest provincial livestock association in Austria the *Viehversicherungs-Verein des Landes Vorarlberg* (Vorarlberg Livestock Insurance Association), of Feldkirch, Limited.

This institution, founded in 1887, had on October 31st., 1913, 3,019 members who had 156 horses (roughly speaking 5% of the entire number of horses in the country, which was 3,243) and 9,768 head of horned cattle, 16% of the entire number in Vorarlberg, which was 58,592. The value of the animals insured was declared at 74,315 crs. for the horses and 4,475,170 crs. for the horned cattle; the total amount of the annual premiums was 74,484 crs., the amount of the claims paid 96,163 crs. and the capital of the association at the end of the working year 1912-1913 was 15,344. crs.

On page 10 of the Report of the Provincial Administration of Lower Austria brief mention was made of the Reinsurance "Federation of the Czech Livestock Associations of the Province of Bohemia" (*Zapstovaci svaz ceskych spolku pro vzajemne pojistovani vobijka v Kralovstvi Ceskem*). At the end of the working year 1912, 118 associations adhered to this reinsurance Federation with 15,992 members owning horned cattle of a value of

(1) The cashiers of the Tyrol associations receive small allowances in money for their work.

19,494,102 crs. According to the 4th. Annual Report of 1913, the number of the associations adhering had increased to 420, the number of the members to 20,790 and that of the animals to 76,480, insured for an amount of 27,223,176 crs. The average value per animal insured had increased from 304 crs. in 1910 to 356 crs. in 1913.

Of course also the number of losses giving rise to claims had also very largely increased.

Year	Number of Losses	Percentage of Losses	Total Claims Paid	Proceeds from Sale of Carcasses		Direct Compensation
				Crs.	Percentage of Claims Paid	
1910	18	0.52	6,959.50	3,434.00	49.34	3,525.30
1911	527	1.74	185,949.30	83,261.54	44.80	102,587.76
1912	1,717	2.95	541,355.00	272,101.98	50.26	269,253.02
1913	1,803	2.36	606,212.00	324,464.54	53.47	282,247.46

The increased losses partly due to epidemic thrush and osteomalacia, caused a correspondingly rapid increase in the amount of compensation paid directly by the Federation so that the amount of the premiums collected, together with the proceeds from sale of the carcasses, far from sufficed to cover the losses. Already in 1912, in order to maintain an equilibrium, there had to be placed at the disposal of this association alone an amount of 172,532 crs. out of the portion of the fund for the encouragement of livestock improvement set aside for livestock insurance. (In the somewhat more satisfactory year 1913 the State subvention was 118,471 crs.).

At the same time the supplementary contributions asked for by the associations had increased to such an extent that they seemed to imperil the very existence of the associations themselves, for this reason the Reinsurance Federation decided to grant free loans up to an amount corresponding with that of their annual premiums to those associations excessively burdened with debt and to charge the Federation with the cost for the services of the veterinary surgeons up to an amount of 20 % of the annual premiums.

So the history of the Reinsurance Federation up to the present again shows the inadequacy of the premiums and the necessity of as large subventions as possible being granted for livestock insurance out of the public funds.

We have already spoken at length in this Bulletin of the Office for Insurance and Equalisation of Risks (*Versicherungs- und Prämienausgleich*-

stelle) founded in 1913 in the German section of the Agricultural Provincial Council (*Landeskulturrat*) for the Kingdom of Bohemia.(1).

In 1913 was also founded the "Provincial Reinsurance Institute for the Local Horned Cattle Insurance Institutes of the Kingdom of Galicia, (*Landesrückversicherungs-Anstalt für die Rindviehversicherungs-Lokalvereine im Königreiche Galizien*). It was modelled on the Provincial Livestock Insurance Institute for Tyrol, but it makes complete provision for reinsurance.

Membership is open to all associations in Galicia that have been organized in accordance with the model rules and submit to the supervision and conform to the regulations of the Institute. On their constitution the associations receive a sum, of an amount not definitely stated in the Rules, for the purpose of paying the cost of their organisation.

Compensation is given to the amount of 70 % per head of horned cattle in case of death by accident or compulsory slaughter when the proceeds from the sale of the carcase are less than 30 % of the estimated value and 80 % in case of compulsory slaughter when they exceed 30 %.

The premium paid by the members is 1 %; an equivalent contribution must be placed at the disposal of the associations out of the public funds (in the first place out of the fund for livestock improvement already frequently mentioned) (2).

The associations must pay the Institute as reinsurance premiums a tenth of the premiums collected by them. The Institute in its turn is bound to provide for all those expenses the association is not in a position to meet out of the amount of the premiums it retains, including a contribution for working expenses of 0.25 % of the assured value, and half its reserve fund.

The association pays into its reserve fund :

The balance for the working year, the entrance fees amounting to 0.5 % of the value assured, collected on the insurance of each new animal, as well as eventual allowances out of Government funds.

If an association has to ask assistance in two successive years out of the funds of the Reinsurance Institute, the latter may ask a higher premium in the future.

If the reinsurance premium collected from the associations, together with half the reserve fund, made up of the balance for the working year and the contributions from the public funds, do not suffice to cover the losses the Insurance Institute has to bear, all the associations may be called on to pay supplementary insurance premiums.

The funds of the Reinsurance Institute are made up of the reinsurance premiums paid by the adherent associations, interest on the reserve fund and eventual subventions from the Provincial Administration, and, up to the

(1) See the number of this Bulletin for December, 1913, Kallbrunner, *Work of the German Section of the Landeskulturrat of the Kingdom of Bohemia in the Department of Livestock Insurance*.

(2) In accordance with a provision of later date the grant of these contributions is limited to those associations founded before July 1st., 1914.

year 1918, of amounts granted out of the Fund for encouragement of the rearing and improvement of livestock.

In addition, the Provincial Administration charges itself with all the working expenses and two thirds of the compensation to experts for half yearly inspections and the verification of losses.

The Provincial Livestock Insurance Institute for Goritz and Gradiška (1) (*Landes Viehversicherungs-Anstalt für Görz und Gradiska*), founded on January 1st., 1908, collected in 1912-1913, 85,767.15 crs. in provisional premiums and 15,353.78 crs. in supplementary premiums and paid 136,227.09 crs. in claims. The deficit of 47,804.80 crs., brought forward from the previous year, increased to 56,228.71 crs. An advance of 42,476.48 crs. was made to the institute out of the funds of the Provincial Administration.

It is to be noted that up to September 30th., 1910 the territory in which the above Institute works was divided into three regions, and the federations of the separate districts united for reinsurance. The intention was in this way to combine similar conditions and perhaps similar risks. The regions were styled, according to their geographical position, plain, intermediate and mountain regions. It is not clear why this division was abandoned and all the federations (in 1913 there were 112) united in a single reinsurance federation.

In Salzburg, in the beginning of October, 1913 the constitution of a mutual horned cattle insurance association was decided upon, but the idea of a provincial livestock insurance institute was rejected for the moment.

In Silesia, in the session of the Diet of February 16th., 1912, it was decided to found a provincial livestock insurance institute and the rules for it were approved in June, 1914. It is now about to begin work. Although in all the Provinces the system of premiums fixed at too low a figure has proved unsatisfactory, the premiums were here fixed at 1 %.

In Styria, the obstruction of the Slovenes in the Diet has prevented the passing of a bill for the institution of a provincial livestock insurance institute.

In the Provinces of Croatia and Dalmatia no definite attempts have been as yet made for the foundation of a Provincial Livestock Insurance Institute: and the funds assigned by the State for the purpose have been employed for other objects.

(1) Report of the work of the Provincial Mutual Horned Cattle Insurance Institute for the period October 1st., 1912-September 30th., 1912. Goritz, 1914.

Part III: Credit

SPAIN.

AGRICULTURAL CREDIT AND THE FEDERATIONS OF PÓSITOS.

SOURCES:

REAL DECRETO DE 16 DE OCTUBRE DE 1914, RECONOCIENDO A LOS PÓSITOS EXISTENTES Y A LOS QUE EN LO SUCESIVO PUEDAN CREARSE EL DERECHO DE FORMAR FEDERACIONES PROVINCIALES, CON OBJECTO DE UNIFICAR E INTENSIFICAR SU ACCIÓN EN ORDEN AL EJERCICIO DEL CRÉDITO AGRÍCOLA Y EN BENEFICIO DE LOS AGRICULTORES (*Royal Decree of October 16th., 1914, recognising the Right of the Pósitos already existing and those to be formed in the Future to constitute Provincial Federations, with a view to Uniting and Intensifying their Action in regard to the Grant of Agricultural Credit and in behalf of the Farmers*).

Published in the *Gaceta de Madrid*, No. of October 17th., 1914.

§ I. INTRODUCTION.

When, on a former occasion, we examined the work of the Spanish Agricultural Credit Institutions in this Bulletin (1), we spoke at length of the *pósitos*, long established institutions peculiar to the peninsula, which, at first founded for purely charitable purposes, came to be, at the time of their full development, powerful rural credit institutions and among the most effectual auxiliaries of the small Spanish farmers.

After having shown the deplorable circumstances in which these establishments now find themselves, owing to various reasons due to their organization and administration, the principal provisions of the law of January 23rd., 1906 which aimed at reorganizing them by adapting them to modern conditions, the work of the Royal Delegation instituted by the above law, and its effects between 1910 and 1912, we pointed out the different tendencies existing in regard to the definite organization of the *pó-*

(1) See the Number of this Bulletin for June, 1914, pp. 73-80.

sitos in relation to the experience and the exigencies of modern times. And, already on that occasion, we dwelt especially on the tendency in favour of mobilising the uninvested funds of the *pósitos*. The promulgation of a Royal Decree of the Fomento Department now offers us an opportunity of returning to the subject. Before examining the provisions of this Decree, it will be well to give some account of the fluctuations in the capital of the *pósitos*.

The Royal Delegation of the *Pósitos* created by the law of 1909 above mentioned to enquire into the assets and landed property of these establishments, to collect the money due to them and to realise their "securities, has made it possible for us to form an idea of their situation and the fluctuations in their capital. Thus, we see from the report of the Delegation for the year 1912, that the total capital of the *pósitos* increased in that year by 95,280,291 pesetas, from which we must deduct 53,474,939 pesetas for old debts, difficult to collect. The real capital in 1912 was therefore 41,805,352 pesetas. Now, in the same year, the loans granted amounted to 21,626,705 pesetas. The amount of the capital of the *pósitos*, therefore, exceeded that of the loans, and the balance remained uninvested (1).

The Senator Señor Gullón, for many years Royal Delegate, recently expressed himself as follows in the Senate, in regard to the matter of agricultural credit :

" Every year, about 22,000,000 pesetas are distributed among 120,000 farmers, through the medium of 3,250 establishments, of which, generally, those that work best and satisfy the largest number of requirements are those that have the smallest amount of capital, some putting their capital in circulation two or even three times a year. However, there are other *pósitos* that do not show the same activity in the accomplishment of their beneficent work, and do not exhibit the necessary zeal either in the settlement of acknowledged debts, or in the utilisation of their capital for serviceable loans; and we may thus say that, in certain years, from 5,000,000 to 10,000,000 pesetas, which might satisfy so many needs, *remain undistributed*."

In fact, since the promulgation of the law of 1906 it has been possible to return to the safes of the *pósitos* large amounts of money which it was thought could not be collected; new establishments of the kind have been created; subventions have been granted to those in need of them, as far as was possible, and, in fact, it has been attempted to disseminate them all over Spain as channels of agricultural credit (2). This active work has revealed the existence in one and the same region of *pósitos*, which,

(1) It is necessary, however, to observe that the difference is not 20,000,000 pesetas, as the above figures seem to show, for from the capital of the *pósitos* we must deduct not only debts difficult to collect, as we have said, but also the amounts in the hands of the debtors, and representing the value of land belonging to the establishments. Indeed, the difference between the loans made and the *available* capital is not more than 8,000,000 pesetas or 10,000,000 pesetas, as will be shown hereafter.

(2) See the *Bulletin* above cited.

while they have considerable capital available, leave it unemployed as it is not applied for, and others which have invested all their funds and find their business arrested for want of money.

§ 2. THE ROYAL DECREE OF OCTOBER 16TH., 1914.

Desiring to encourage and in every way to promote agricultural credit, the Minister of Fomento, Señor Ugarte, has attempted to improve the situation, availing himself of the latest teachings of economy and sociology. Thus he has conceived the idea of associating the *pósitos*, and uniting their resources, in fact of federating them, so as through these centres of rural credit to satisfy the requirements of the farmers by transferring the excess uninvested or immobilised funds of a *pósito*, which has too much money, to another which is in want of it.

It is by these principles the Royal Decree of October 16th., 1914 is inspired.

Let us now examine its principal provisions.

First of all, the decree in question recognised the right of the *pósitos* existing and of those to be founded in the future to form provincial federations, for the unification and intensification of their action in regard to the grant of agricultural credit and in behalf of the farmers of the various localities in which the *pósitos* constituting the Federations are established.

According to the spirit of the Decree, such federation must be the voluntary work of the *pósitos* themselves. So its provisions only deal with the legal rules and juridical forms for the creation of the Federation.

1. *The Constitution of the Federations.* — The *pósitos* belonging to a provincial section, desirous of enjoying the rights and privileges thereof shall inform the *Jefatura* of the section to that effect, accompanying their application with a note explaining their situation and clearly indicating the particulars of their invested capital.

To reach the object aimed at by the Federation, the funds of the *pósitos* lying idle in current accounts or deposited in the branches of the Banco de España must be realised. This operation, as well as the transfer of the funds it renders possible, will imply no change in the ownership of the capital which will always belong to the *pósito* from which it is derived. It is, simply, in fact, a matter of authorizing the *pósito*, the funds of which remain idle for want of applications for the grant of which it might be utilised, to lend the neighbouring *pósito* these funds, which will thus be more productive and extend the economic and financial activity of the Federation over a larger area. As, further, these loans bring in interest, the *pósito* will profit without loss of its capital, while the money will thus become fluid and circulate.

Add to this, that, in the end, for the *pósito* lending its uninvested capital, it is in reality only a matter of a change of debtor; instead of the small

landowner, the humble farmer or metayer, it is the *pósito* of the neighbourhood that must give security of solvency and becomes liable, to a far greater extent, as the loan is granted by the *pósitos* possessing the money.

The deed of constitution of each federation shall include :

(a) Copy of the documents indicated and express ratification on the part of the members;

(b) Statement of the objects the federation proposes to attain- by the establishment of the basis of solidarity between the federated members, by means of the loans the *pósitos* with available funds make out of their surplus uninvested capital to those in a different position, so as to give the capital productive fluidity by putting it in circulation and thus extending the advantages of the institution in regard to the grant of rural credit ;

(c) and to the effect that if in the region or province the *pósitos* of which have formed a federation there are no agricultural syndicates or chambers, occupied with the purchase of selected seeds, manure, agricultural implements and utensils, and machinery of every kind, the purchase of these articles may be included among the objects of the Federation;

(d) authorization to admit into the Federation *pósitos* which shall hereafter apply for admission.

2. *Loans and Conditions for Loans.* — The operations of the Federation may be conducted at the request of the parties or on its own initiative.

The first system is followed when a federated *pósito* applies to the Federation, officially represented by the provincial section, for the grant of a loan. The section shall forward the application to the administrative commissions of the neighbouring *pósitos* belonging to the federation possessing surplus or uninvested capital for their examination ; they shall proceed to examine the application and shall report within a term of ten days. Once the application is accepted by the provincial section, if the majority of the reports are in favour of the grant of the loan, immediately the transfer of funds is made and the money and the resulting liabilities are distributed, at the charge and at the risk of the *pósito* borrowing. If the majority of the reports are not favourable, the application is refused.

The Federation proceeds on its own initiative when the provincial section and the members representing the federated *pósitos* consider the moment arrived for putting in circulation all or part of the uninvested capital. In this case, the Federation may grant loans out of its uninvested capital to syndicates, agricultural chambers, loan and savings banks, co-operative societies for production and other similar organizations; provided always that they are constituted in accordance with the laws regulating the working of these corporations or associations, and that, when applying for loans, they give the Federation proof of their solvency. For the purpose, it will be enough for them to be registered with the *Banco de España* and intend to use the money for purposes of agricultural credit.

The loans shall be granted for one year, and may be renewed for another year ; however, they may be cancelled if the guarantee ceases to be suf-

ficient or is not renewed, or if the loan is used for purposes other than those for which it was requested.

The interest on the loans shall be 4 % a year and payable at the end of each half year; and if the loan is repaid before the expiration of the term, at the convenience of the association owing, the interest shall at least correspond with the term of the loan and shall in no case be less than that for one month. The 4 % interest shall be distributed as follows: 3 % to the *pósito* lending and 1 % to the Federation as its legitimate remuneration.

3. *General Provisions.* — In conformity with the instructions repeated on several occasions by the Royal Delegation, the administrative commissions of the *pósitos* have deposited, in the branches of the *Banco de España* and in name of the administrative corporation, those amounts which, owing to no applications being made, could not be brought into circulation during the year. If, at the date of the general settlement of accounts, each year, it is found that an amount of more than 15 % of the capital of a *pósito* remains uninvested, and has not been deposited in due time in the branch of the *Banco de España*, the administrators shall pay an amount corresponding with 4 % interest on the immobilised capital, out of their own private funds.

The provincial sections of the *pósitos* shall every three months make out a report in relation to the money deposited in the branch of the *Banco de España* and publish it in the *Boletín Oficial* of the province for the information of the federated *pósitos* that may be in need of funds for distribution under the form of loans among the peasants of the district in which they have their head quarters.

By the Decree in question the federated *pósitos* will have the preference over those not federated when grant is made of subventions or when increases of capital are conceded.

Finally, the Decree establishes that, the federal organisation of the *pósitos* once in operation, in accordance with the results obtained, the Royal Delegation shall propose the measures necessary for the endowment of the institutions with capital of their own, and thus establish regional agricultural credit institutes. This provision, evidently, is of great importance.

* * *

Thus then, all the provisions mentioned, and above all the last, clearly show the position taken by the Government in respect to the organisation of rural credit on the basis of suitably modernised *pósitos*. Doubtless the last word has still to be said on this difficult subject; the Decree itself indicates this, in its preliminary exposition of the motives by which it is inspired, where it says that the above measures are adopted "in anticipation of the arrival of the moment for submitting for the decision of Parliament those measures which of their nature require its approval", but there is no doubt that the Decree we are considering clearly traces the course the Gov-

ernment has marked out for reaching a solution of the problem of agricultural credit.

The provisions of the Decree need no comment. They show us that the Royal Delegation preserves its office of inspection and protection of the federations now being organized, although this duty is limited to seeing that the law is observed, so as to constitute a sort of supreme guarantee of all interests.

In addition to their economic business, the Federations of *pósitos* may also exert an important action, as educators of the Spanish rural classes, exhibiting practically, by their example, the advantages of co-operation and collective effort. In addition, if, within the limits of the *Banco de España*, which is the centre of the Spanish financial system, it has been possible to assist the agricultural syndicates, this establishment evidently could not refuse its support to the *pósitos* and still less to the organizations representing the Federation, seeing that they can offer it more extensive guarantees and assume an ampler liability. In this way rural credit will be more effectually encouraged.

RUSSIA.

WORK OF THE NOBLES' GOVERNMENT LAND BANK IN 1913.

The Nobles' Government Land Bank, with the origin and development of which we dealt in detail in the number of this Bulletin for September, 1914, has just published its annual report for the working year 1913.

It appears from this publication that in that year the Bank did quite an unusual amount of mortgage business. This business, which had been considerably reduced in consequence of the economic and political crisis Russia passed through in the early years of this century, recommenced most actively from the moment, when, after the Empire had been restored to tranquillity, there began the extraordinary development of land business of every kind due to the great land reform initiated in 1906 by the late Minister, P. A. Stolypin.

§ 1. MORTGAGE BUSINESS.

The total number of mortgage loans granted by the Nobles' Bank which, at the most critical moment of the depression of which we have spoken, that is to say in 1907, had diminished to 280, gradually rose again, in turn to 518 in 1908, 786 in 1909, 1,248 in 1910, 1,355 in 1911, and at last to 1,486 in 1912.

The number of loans granted by the Bank for the year 1913, namely 1,425, shows indeed a slight decrease on that for 1912. But it is really only apparent; in fact, the slightly reduced number of transactions is amply compensated for by the considerable increase in the total amount of the loans. Indeed, this amount reached in 1913 the enormous sum of 146,082,000 roubles (in round numbers 390,000,000 frs.), that is to say it exceeded the corresponding sum for 1912 by 36,767,900 roubles, and the highest yet reached by the Bank since its fundation, 120,460,000 roubles in 1898, by nearly 26,000,000.

The following table will show the general progress of the mortgage business of the Bank in recent years more in detail:

TABLE I. — *Mortgage Business of the Nobles' Bank from 1908 to 1913 (in roubles).*

Years	Number of Loans	Deciatines of Land Mortgaged	Estimated Value of the Land Mortgaged		Amount of Loans Granted	
			Total	per Deciatine	Total	per Deciatine
1908	518	523,522	53,256,507	100	31,657,900	60
1909	786	825,325	85,105,288	103	49,701,600	60
1910	1,248	1,083,179	140,359,488	138	87,125,400	80
1911	1,355	1,101,685	152,166,685	138	88,842,600	81
1912	1,486	1,195,873	190,358,777	159	109,314,100	92
1913	1,425	1,536,636	253,726,195	165	146,082,000	95

As is seen from the table, the number of loans granted was smaller in 1913 than in 1912, but the area of the land mortgaged was on the contrary considerably greater. The considerable amount of the loans granted by the Bank is due, as we see, to the continuous and progressive increase in the average amount granted per deciatine mortgaged, which, in its turn, is a consequence of the average estimated value per deciatine. The rapid and regular rise of this latter average is incontestably the best evidence of the remarkable increase in the value of land in Russia, and consequently of the general increase in the well-being and economic prosperity of the immense Empire of the Czars.

Of the 1,425 loans granted by the Nobles' Bank in 1913, 477 for a total amount of 41,849,400 roubles were made on first mortgage of 480,418 deciatines. The other 948 loans of an amount of 104,232,600 roubles were granted on renewals of mortgages or on supplementary mortgages on 1,056,218 deciatines already mortgaged to the Bank.

The number of loans granted on mortgage based on the total value of the land, estimated in accordance with the average value of the land in the region, was only 75 in 1913 and represented a total amount of 1,431,500 roubles. All the other mortgages, or 95 % of the total number, were based on the special detailed valuation of the land in question. The amount of loans of this class was 99 % of the total amount granted in the year.

Apart from the special loans granted up to the amount of 75 % of the value of the land mortgaged to Russian landed gentry for the purchase of estates in the Polish provinces of the West, with which we shall deal hereafter, during the whole year 1913 no loans were granted for more than 60 % of the value of the land, except in 13 cases for a total amount of 2,181,700 roubles, representing 74.5 % of the value of the land mortgaged.

(2,915,385 roubles); 99 % of all the loans granted by the Bank were made for the longest periods allowed by its rules (61 years 8 months and 66 years 6 months, according to the rate of interest); the renewals of mortgages were all for the maximum period allowed (66 years 6 months).

The total amount applied for by the 1,425 persons whose applications for loans were granted in 1913 was 173,174,667 roubles; in 658 cases the Bank was able to grant the whole amount applied for (59,810,700 roubles), in the 767 others it only granted 76 % of what was asked for (113,363,97 roubles requested; 81,271,300 roubles granted).

The average area of the landed estates mortgaged to the Bank on January 1st., 1913 was 514 deciatines; that of those newly mortgaged in the year was 1,007 deciatines. Most of the latter, or 58.1 %, belonged to the class of medium sized farms (from 100 to 1,000 deciatines of cultivated land), 23 % of them to small farms (with less than 100 deciatines cultivated), the rest, finally, or 18.9 % were large farms with more than 1,000 deciatines under cultivation. Of the *total area* of the landed estates mortgaged in 1913, 77.9 % belonged to large estates, 20.9 % to medium sized holdings and 1.2 % to small holdings. Ten of the landed estates mortgaged were more than 10,000 deciatines in area; the largest of them, in the province of Kiev, had a total area of more than 45,000 deciatines.

In 1913 renewals of mortgages were granted in the case of 984 landed estates of a total area of 1,056,218 deciatines and a total estimated value of 180,558,733 roubles. The total amount of loans granted in this way was 104,232,600 roubles, of which 59,365,100 roubles corresponded with the value of the original loans and the rest, 48,099,400 roubles, were additional loans granted at date of the renewal. The large amount of supplementary loans thus granted, generally only five years after the original loans, is explained by the considerable difference between the average estimated values of the holdings at the dates of the first and second valuation (94 roubles per deciatine at date of the valuation for the first mortgage and 173 roubles per deciatine at date of that made for the supplementary mortgage), and this difference, in its turn, is explained by the agricultural improvements introduced on the farms and the increase in the value of the latter owing to the construction of new railway lines in their vicinity, or on other analogous grounds.

In the whole year there were only 4 loans granted on terms of favour (that is to say, for an amount equal to 75 % of the value of the land mortgaged) for the purchase by Russian landed gentry of holdings in the west and southwest of the Polish provinces. The total area of the land thus acquired was 18,414 deciatines, its total estimated value was 1,380,457 roubles and the amount of the loans granted was 1,025,600 roubles. Since the commencement, in 1894, of operations of this kind, the Bank has in this way facilitated the transfer to Russian owners of altogether 219 landed estates previously Polish, of an area of 533,024 deciatines and a total estimated value of 32,216,921 roubles.

§ 2. LAND BUSINESS.

Of the total amount of 146,082,000 roubles lent by the Nobles' Bank in 1913, only 64,105,000 roubles were paid to the borrowers in the form of Bank bonds. The rest took the form of renewals of debts to the Bank for an amount of 56,133,200 roubles and amounts retained for the extinction of foreign or other mortgages, amounting altogether to 25,843,800 roubles.

The amount of the instalments towards extinction of their debts voluntarily paid by the borrowers to the Bank in 1913 was 12,586,055 roubles. These payments have completely liberated from mortgage debt 2,944 holdings of a total area of 313,393 deciatines, 148,323 deciatines remaining in the hands of owners belonging to the hereditary nobility and 165,070 deciatines having been transferred to owners not belonging to the nobility, whilst still mortgaged to the Nobles' Bank.

In the course of 1913, the total number of holdings mortgaged to the Nobles' Bank that had changed owners was 3,135. These holdings had a total area of 804,516 deciatines and were mortgaged for a total amount of 48,656,900 roubles, the mortgages being also transferred to the new owners. We give below a classification of the latter according to their social position :

TABLE II. — *Sale of Land Mortgaged to the Nobles' Bank in 1913.*

Sold to:	Number of Holdings	Area in Deciatines	Amount of Mortgages Transferred
Hereditary Nobles . . .	739	406,123	21,788,600
Institutions	68	20,676	1,209,600
Peasants	1,983	248,219	15,904,600
Members of the Lower Middle Classes	82	15,747	1,123,800
Merchants	60	31,248	2,731,600
Other Classes	203	82,503	5,898,700
 Total . . .	3,135	804,516	48,656,900

During the last six years the transfer to new owners of land mortgaged to the Bank assumed the following proportions:

TABLE III. — *Sale of Land Mortgaged to the Nobles' Bank, from 1908 to 1913.*

Sold to:	Thousands of Deciatines					
	1908	1909	1910	1911	1912	1913
Hereditary Nobles	338	323	457	460	508	406
Institutions	388	80	41	41	22	21
Peasants	341	371	434	380	275	248
Members of the Lower Middle Classes	16	19	21	28	20	16
Merchants	28	23	33	43	48	31
Other Classes of People	48	73	99	135	114	83
Total	1,199	899	1,085	1,094	487	805

The considerable amount of land that passed into the hands of Institutions in 1908 (338,000 deciatines) is explained by the fact that in that year the number and area of the holdings bought by the Peasants' Bank with its own funds to be sold on favourable terms to small farmers who had no land was especially large.

On January 1st., 1913, the total amount of arrears due to the Bank from borrowers was 17,811,976 roubles. In the year beginning on that date, the Bank should have received 41,036,778 roubles in mortgage payments, with 627,293 roubles special mortgage payments, or altogether 41,664,071 roubles. Really, it only received altogether 39,937,672 roubles, so that at the end of the year the arrears due had increased to 19,617,530 roubles. In these figures there is not included an amount of 7,208,990 roubles for annual payments due on mortgages transferred to the Peasants' Bank, and it is to be understood paid over in full by the latter institution to the Nobles' Bank.

In addition to the total amount of mortgages in course (791,824,253.77 roubles), with arrears (amounting to 19,617,530.49 roubles), on December 31st., 1913, there were also due to the Bank 143,931.74 roubles in debts not paying interest, 1,411,246.31 roubles in "special" debts and, finally, 711,380.15 roubles in mortgages the term for payment of which had been extended. The debts not paying interest and the special debts were reduced during the year by the repayment of a total amount of 394,063.63 roubles. As a result of the law of April 26th., 1906, the Peasants' Bank further owed the Nobles' Bank a total amount of 161,408,054.32 roubles (instead of 157,587,959.61 roubles, as at the beginning of the year).

The total number of mortgaged landed estates, the sale of which at public auction was ordered in 1913, on account of a delay of more than a year in the payment of the legal charges, was 5,452 or about 10 % of all those mortgaged to the Bank. This proportion is almost the same as in former years and, also just as in former years, it is in the Caucasus the

largest number of auction sales were ordered (for 35 % of the landed estates mortgaged in that region).

In 5,419 cases out of the 5,452 of which we have spoken, the sale was stopped, either by payments being made at the last moment, or by an extension of term or other facilities being granted by the Bank to the debtors in arrear. Only 33 landed estates were actually put up for auction, of which 28 were sold, and the remaining 5 remained in the possession of the Bank.

The total number of landed estates of which the Bank had possession was thus increased to 154, of which 122 were situated in the Caucasus. It managed to sell fourteen of them in the course of the year 1913, so that at the end of the year it had still 140 in its possession of a total area of 46,461 deciatines, 116 of them with an area of 28,298 deciatines, situated in the Caucasus.

§ 3. THE BANK FUNDS.

At the beginning of the year 1913 the Bank had the following funds:

1. A fund formed by various issues of *lettres de gage* of a total nominal value of 823,770,400 roubles;
2. A fund of 74,942,097.72 roubles in bonds to be drawn for of the 1889 issue not yet redeemed;
3. A reserve fund of 16,658,145.65 roubles.

In the course of the year new bonds for the amount of 89,948,800 roubles were issued (89,947,900 roubles in 4 1/2 % bonds and 900 roubles in 5 % bonds). A total amount of 19,836,100 roubles had been repaid. At the end of the year the bonds of the Bank represented in all a total amount of 893,883,100 roubles, distributed as follows :

	roubles
3 1/2 % bonds	392,350,500
4 % "	151,096,600
4 1/2 % "	154,600,600
5 % "	154,105,400
5 % " to be drawn for	41,730,000
 Total . . .	 893,883,100

During the year there was no change in the amount of the bonds of the 1889 issue, to be drawn for (74,942,097.72 roubles).

The reserve fund was reduced in 1913 by an amount of 10,000,000 roubles set aside, in accordance with the Imperial Decree of February 21st. of that year, to constitute a special fund in remembrance of the three hundredth anniversary of the establishment of the Romanoff dynasty on the Russian throne; the annual interest on this amount is to be used to

increase the foundation capital of the Nobles' provincial mutual banks and other institutions of the same character, the object of which is to facilitate the mortgage business of the hereditary nobility. As a result of this measure and the years' business transactions, the reserve fund of the Bank was reduced on December 31st., 1913, to 9,388,379 roubles.

In addition to its capital, the Nobles' Government Bank possessed, at the end of 1913, real estate of a total value of 1,271,700 roubles, various securities for an amount of 9,458,916.28 roubles, and, finally, the special commemorative fund of 10,000,000 roubles above mentioned.

Altogether, in the year 1913, the Nobles' Government Land Bank has laboured hard in the pursuit of the special end for which it was founded, that, namely, of encouraging as far as possible the mortgage business of that class which is still today more than any other in Russia representative of the intelligent and rational evolution of agricultural economy. Powerfully seconded in its efforts by the Government, it will even be able considerably to enlarge its sphere of activity by means of the quite new field which will be opened to it by means of the fund formed in commemoration of the three hundredth anniversary of the foundation of the Romanoff dynasty. And from the preceding figures we see that, while constituting the most precious financial support of the class to which it exclusively devotes its attention, the Nobles' Bank is no less one of the most important influences for the progress of home colonisation and of the landed estates of the classes not belonging to the nobility, owing to the important part it plays as intermediary in the transfer to these classes of thousands of landed estates previously belonging to the nobles.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT.

SWITZERLAND.

WEBER-SCHURTER (J.), Director of the Swiss Land Credit Institute of Zurich: *Die schweizerischen Hypothekenbanken (Swiss Mortgage Banks)*. Published, on the occasion of the Swiss National Exhibition held at Bern, in 1914, by the Commission of the Section "Banks". Zurich, 1914. Orell Fussli. 126 pages with numerous tables and graphs.

When the National Exhibition was held at Bern, in 1914, there was published, in addition to two monographs relating to Swiss cantonal and local and intermediate banks, a valuable study of Swiss mortgage banks, written by one of the highest authorities upon the subject in Switzerland.

Switzerland possesses, at the present day, no less than twenty mortgage banks, in the strict sense of the term, with a nominal capital of 194,000,000 francs of which 188,250,000 are paid up. In addition, the cantonal banks, savings banks, and many banks of mixed type also transact a certain amount of mortgage business of various kinds. Thus, the mortgage investments of the cantonal banks amounted, in 1912, to 1,330,000,000 francs and represented 49 per cent. of the total assets. The study referred to above, deals only with mortgage banks, properly so called, and does not, therefore, show the whole of the mortgage transactions of the country.

However, the volume is not a mere description of the regulations and working of Swiss mortgage banks. The author, on the basis of the results of a *questionnaire* sent by him to banking institutes, savings-banks, insurance companies, cantonal departments of finance, towns and communes, has attempted also to ascertain the total mortgage indebtedness of the country. Only a part of the results obtained from the *questionnaire* could be regarded as satisfactory. Nevertheless, the author considers himself justified in estimating the mortgage debt of Switzerland at 6,000,000,000 francs. Of this amount, 2,500,000,000 francs, or 42 per cent., is rural or agricultural mortgage; while the remainder consists of town mortgages, industrial mortgages, etc. He calculates the average annual demand for mortgage credit, from 1896 to 1912, at 190,000,000 francs. He is able to

give precise information relating to mortgages amounting to 4,634,000,000 francs, of which amount 4,251,000,000 francs was national mortgage and 383,000,000 francs (being 8 per cent.) was foreign mortgage. The mortgage banks proper were the principal lenders, having contributed 1,558,000,000 francs or 33 per cent. of the total of 4,634 million. The mortgage business of these banks amounted to only 809.86 million francs in 1903; to 581.29 million in 1896; and to 338.76 million in 1883. Unfortunately it was not found possible to establish the distribution of the loans made by the mortgage banks between rural, urban and industrial property. One only of the twenty banks was able to furnish the necessary information. The author is of opinion that, speaking generally, the mortgage banks prefer to deal in urban land credit, while the cantonal banks supply the demand for rural and agricultural credit.

Following this important general study of mortgage indebtedness and land credit the author describes in detail the organisation, activity and technical administration of the mortgage banks. The third section consists of a brief outline of the development of the banks and a statement of their present position, the author presenting, in the text and as appendices, a large number of tables and graphs.

The last part of the study is devoted to a critical examination of the whole Swiss mortgage banking system. The author deals, in particular, with the proposal to establish a State mortgage bank, and arrives at the conclusion that the work which, it is intended, would devolve upon a State bank, could be performed more simply and economically, as well as more thoroughly, by a private central mortgage institute.

Part IV: Miscellaneous

AUSTRIA.

CONTEMPORARY AGRICULTURAL POLICY IN AUSTRIA.

CHAPTER III.

LAND OPERATIONS, ACCORDING TO STATE AND PROVINCIAL LAW.

§ 1. GENERAL REMARKS.

The economic proceedings which afterwards received the name of "Land Operations" were sanctioned by three Imperial Laws of June 3rd., 1883. Boll. L. I. Nos. 92-94. We must, however, here at once observe that these three laws only laid down general lines for subsequent provincial legislation (for which reason these laws are called, in accordance with Austrian constitutional law, *Rahmengesetze*) ; they came into force, consequently, only after the approval of the corresponding provincial laws in Lower Austria, Carinthia, Carniola, Salzburg, Moravia, Silesia, and Galicia. After 1908, bills were presented in the Diets of Styria, Tyrol, Upper Austria, Goritz and Gradiska, and bills of the same tenor were drafted for Bukowina, Vorarlberg and Istria. Of the innovations introduced into the more recent provincial laws in regard to farm readjustment, division and systemisation, constituting a real advance on the laws previously in force, due account was taken also in the earlier provincial supplementary laws ("Novellen"), so that the provincial laws now in force on land operations and the above mentioned bills contain provisions substantially the same ; and in this connection the provincial legislation went even beyond the maximum limits laid down in the Imperial laws (*Rahmengesetze*) with which all the legislative work under consideration originated. Only in Galicia are the old laws still in force ; an independent bill was drafted

for Dalmatia in connection with the old provincial laws of that country, dealing with the distribution of communal landed estates, the regulation of the working of communal holdings and the division and systemisation of holdings of collective ownership.

The following operations may be conducted in accordance with the provisions of this law :

1. The readjustment of farms ;

2. The division of land of collective ownership and the systemisation of the customary and administrative rights inherent in it. The division may be general when made :

(a) between the authorities on the one hand and communes or persons formerly subject to them on the other ;

(b) between communes or between fractions of communes ;

(c) between communes or fractions of communes on the one hand and a community on the other and, finally ;

(d) between agricultural communities.

The division may also be particular, that is to say there may be a subdivision and distribution among the individuals of their shares of a holding of collective ownership, when such collective ownership is the result of a general division :

(a) between members of an agricultural community, among the persons formerly subject ;

(b) between those having rights to the temporary possession of land to be worked by them in turn.

3. The separation from forest holdings of portions forming enclaves in the holdings of other persons and the rounding off of the forest holdings.

There are special "land authorities" to act as the executive bodies above all for purposes of land readjustment, division and systemisation, according as the problems to be solved are of legal, technical or economic character.

The court of first instance consists of Local Commissioners entrusted with the preparation and execution of the individual operations. Each of these officers, who are for the most part selected from among the Government servants engaged in political administrative work, is assisted by a technical office in which there are a certain number of land surveyors, whilst the experts necessary for the separate operations, experts in forestry, land reclamation etc., are engaged as the occasion demands.

In all difficulties of economic character arising in connection with land readjustment, the Local Commissioner is assisted by a "Committee of the parties concerned".

The authority in the second instance is called the Provincial Commission and meets at the office of the Provincial Government; the authority in the last instance is the Departmental Commission for Land Operations at the Department of Agriculture; both these latter Commissions are composed of civil servants belonging to the administrative and judicial departments. The Provincial Executive Committee is also represented in the Provincial Commission. For the decision of questions of

a technical nature the Commissions retain permanent legal advisers ; in case it is necessary, the Commissions may also consult experts.

The character of the Provincial and Departmental Commissions is the same even in respect to all that concerns operations undertaken for the abolition of enclaves in forests and the rounding off of forest holdings.

Every kind of land operation enjoys extensive fiscal facilitations ; above all the alterations necessitated by readjustment and division of farms are made in the cadastre as a matter of course and without charge.

The costs of agricultural operations, and in the first place those for readjustment, division and systemisation of farms, as far as the Provincial and Departmental Commissions and the legal and technical services of the staff directing the operations are concerned, are borne by the Treasury. All other costs, above all for the work of the surveyors, the offices, subsidiary work involved in undertakings carried out in the country, the plant required for collective use etc., are borne by the parties concerned. But in the interest of the regular course of the work itself, to a large extent the State advances the money to meet this expenditure, and only after the termination of the work do the parties concerned repay it.

§ 2. FARM READJUSTMENT.

The basis on which the readjustment is carried out is that all the farms to be subjected to readjustment are considered as a single mass, to be subdivided among the owners with a view to the greater yield of the various holdings, every proprietor receiving a new piece of land corresponding in value to that previously possessed by him. The former condition of ownership disappears altogether and has no influence in the new distribution.

Thus a landholder who before the readjustment had his land subdivided, for example, into ten parcels, after the readjustment will possess a single piece (or two, according to circumstances).

The fundamental idea from which the 1883 law on readjustment of farms starts is the subordination of the interest of the individual to that of the majority interested, with the object of obtaining a more economic and reasonable distribution of rural land (1). The Austrian law lays it down that when the majority, that is to say the half of the landholders of a commune possessing at least two thirds of the existing farms, decides to proceed to the readjustment of farms, the others concerned cannot make opposition and the operation asked for by the majority

(1) A statistical return of 1880 reported 24,574 communes as shown in the cadastre in Austria (exclusive of Galicia) : only in 3,284 of these, that is in 13.4 % were the holdings consisting of one piece of land ; in 1,782 communes, that is in 7 %, this class of holding predominates ; but in almost 20,000, that is in 4/5 ths. of the total, the majority of the holdings are broken up and scattered with all the baneful consequences resulting from such a state of things. Since 1880 the conditions have remained almost unvaried.

must be carried out. It is only fair that the will of the majority should suffice; in view of the influence of tradition on the peasants, who do not readily decide to abandon the systems to which they are accustomed, it would be impossible to arrive at any practical result if unanimity among the landholders were necessary before readjustment could be proceeded with.

When the majority has declared itself favourable, according to the forms we shall explain below, the State intervenes to carry out the work.

The reasonable distribution of an area of land in such a way that the rights of all are safeguarded is a work so replete with difficulties of a technical, geometrical, economic and legal character, that success could not be expected without the State intervening, establishing the plan of the operations and getting it carried out by expert and competent officers. Only when the most complete impartiality and full respect for the rights of all are guaranteed, can the minority be compelled to accept a measure it does not desire. Let us add that the public interest is also involved, as the readjustment must in no way damage the interests of agriculture, forestry etc.

As above said, before the readjustment can be carried out, it must be desired by a majority of the landowners; there is, however, one case, in which it may be undertaken even independently of the will of those affected, that is when a provincial law orders the readjustment of a given area for the facilitation of works of irrigation or drainage in a part of the provincial territory.

Readjustment is carried out as follows. All the rural holdings within the area to be readjusted, which is generally a commune as shown in the cadastre, are affected, with the exclusion, at the desire of the proprietor, of land possessing a special value, which cannot be substituted by other land (for example gardens, orchards, vineyards); other land may be excluded as a matter of course, when it would suffer serious loss if subdivided or presents special difficulties on account of the mortgages on it.

In order that the readjustment may be carried out, the majority of those concerned must request it. According to the most recent legislation, for the initiation of the work, it is enough that demand be made by one third of those concerned, provided, however, these enjoy a third of the net revenue, as shown in the cadastre, of the parcels to be readjusted. This manifestation of their desire is called *Provokation*, and takes the form of an application, that may be presented by the proprietors to the political authorities, a local commissioner, a notary or an advocate, for the readjustment to be initiated. The application is forwarded to the competent authority, which, as above said, is a special court of three grades. The authority of the first instance is the "Local Commissioner for Land Operations", who is the immediate executive authority; that of the second instance is the "Provincial Commission for Land Operations"; that of the third instance, the decision of which is final, is the "Departmental Commission for Operations".

These are competent to deal with all disputes arising out of the readjustment operations, independently of the judicial authority.

After approval has been duly given, the Local Commissioner begins the preparatory work, consisting in the classification and valuation of the holdings, the establishment of the principles to be followed in the readjustment and the drafting of the plan. In all these operations the parties interested intervene, as above said, by means of a committee they elect from their own number, which acts as an advisory body for the Local Commissioner. The parties concerned may present appeal at each stage of the various proceedings. The parties interested in the effects of the readjustment are the landowners and usufructuaries and no one else (for example not those who have servitudes, tenants etc.). After the plan has been submitted to the majority of those concerned and again approved, it is forwarded to the Provincial Commission, which may reject it or amend it. If approved, the proceedings enter on a new stage: that of execution (distribution of the new holdings, regulation of the servitudes and mortgages, correction of the land book in accordance with the new conditions).

The work of readjustment, implying the solution of manifold economic, technical and legal problems, is very complicated and expensive. The cost varies with the area to be readjusted and is partly borne by the private individuals but chiefly by the State: all the deeds, documents etc. are exempt from stamp and other taxes.

The cost depends above all on the area to be readjusted. According to experience up to the present, the cost of readjustment under average conditions, that is to say conditions neither good nor bad, is per hectare:

For an area of	200 has.	26 crs.
" "	400 ..	23 ..
" "	700 ..	20 ..
" "	1,000 ..	16 ..
" "	1,500 ..	13 ..
" "	2,000 ..	11 ..
" "	3,000 ..	10 ..

If the work is carried out under good conditions, the cost is 20 % less, if under bad conditions, 20 % more. The expenses of the parties concerned per ha. under average conditions are:

For an area of	200 has.	6.00 crs.
" "	400 ..	6.00 ..
" "	700 ..	4.00 ..
" "	1,000 ..	4.00 ..
" "	1,500 ..	4.00 ..
" "	2,000 ..	3.00 ..
" "	3,000 ..	3.00 ..

Wherever readjustment has been carried out, the results have been excellent, increasing the yield of the land, and reducing the cost of production etc.

In regard to forests it is to be observed that the portions of forest occurring within the area to be readjusted are considered as agricultural land. According to the most recent laws in some provinces (Upper Austria, Lower Austria, Salzburg, Carniola, Carinthia and Moravia) forests may be included in the scheme of readjustment or even independently readjusted, if this is required in the interest of the national economy and at least one half of the proprietors make application for it (1).

§ 3. READJUSTMENT OF LAND HELD COLLECTIVELY.

The readjustment of land of collective ownership includes both its division and its systemisation. The object is in the first place to make the legal situation clear, first of all by separating the land that belongs to the commune or fraction of commune from the land of collective ownership (general division), and secondly by the distribution of the remaining portion of the collectively owned land among the individual proprietors concerned (individual division), or leaving this portion the character of an asset to be used for a definite purpose to be enjoyed and administered in the regular course by those who have the right (systemisation). The general division, therefore, always involves either individual division or systemisation; however, it is well to keep in mind that the communes have not a right in every case to share in the land collectively held, and so the individual division and the systemisation are not always preceded by a general division.

The legal situation being made clear, first of all it must be settled whether the collective land is to pass into the hands of private individuals or, after due systemisation, to be worked collectively; the first alternative is advisable in many cases, when the land is pasture land, above all when land of private ownership is to be added to it or when readjustment is to be carried out at the same time, the second above all in the case of forests, meadows situated in valleys and especially Alpine meadows. It is clear, however, that in particular cases both operations must and can be effected in such a way that a part of the collective land is divided and a part is systemised and retains the form of collective property.

So much in regard to the idea of the readjustment of collective land in its general lines.

The provisions governing the whole action are found, as has been said, in the Imperial Law (Rahmengesetz) of June 7th., 1883. Boll. L. I. No. 94, which was followed by many provincial laws.

(1) For details of a technical character see: PAUL HEIN: *Die Kommassation (Zusammenlegung der Grundstücke) und die sonstigen agrarischen Operationen*. Vienna, 1912. — *Geschäftliche und technische Instruction für die Durchführung agrarischen Operationen*. Vienna, Hof- und Staatsdruckerei.

It is not our intention to enter more at length into the details of these provisions, as our object in these brief remarks is more than anything else to explain the statistics we publish below, which constitute the principal aim and object of this article. For particulars we refer our reader to W. Schiff's book on "*Österreichs Agrarpolitik seit der Grundentlastung*", Tübingen, Laupp, 1898, pp. 245-295, which, however, does not contain the most recent provincial laws, amongst which we may mention the provincial law for Tyrol of June 19th., 1909, Boll. L. and Ord. No. 16, on the division of holdings of collective ownership and the systemisation of customary and administrative rights involved.

In regard to the Imperial law of 1883 and the older provincial laws, let us remember that they failed because they confined themselves to prescribing that the systemisation must only be carried out on the application of a certain number, generally a very large number, of the collective holders instead of making it compulsory. The law further neglected to determine generally the various legal relations in regard to communal land, to the readjustment of disorganized communities etc.

However, in recent years the Government has been very active, while formerly it hesitated to sanction the provincial laws when voted.

Although not even the new provincial laws order the general compulsory systemisation of agricultural communities, making this subject to the favourable vote of a portion (generally one fourth) of the members of the community, in other respects they constitute a real progress.

At present great stress is laid, in cases of division and readjustment, on the provision of all the labour and plant required for the use of the community and the simplification of the procedure required by the laws in force in case of systemisations or divisions of minor importance. But even greater importance is given to the fact that the mountain pastures and forests are systemised also for economic purposes by means of provisions for the protection and improvement of the soil, means of access to pasture-land etc. Further, principles of civil law have been laid down with regard to the agricultural communities, although some objection may be made to the form they have taken. At present in this field the provisions of the Civil Code in regard to collective landed property have to be applied, and we cannot here speak of civil personality for lack of the fundamental bond necessary for it. But the provisions of the Civil Code are not adapted to the relations in question because they do not take into consideration that the rights to the shares must correspond with the economic requirements of the special agricultural holding. The new laws attempt to take account of this matter and give the legal relation of the individual to the object of collective possession the character of a *jus in rem scriptum*, usually inseparable from the dominant holding. This legal bond, which gives the rights of use to the dominant holding is based on ancient custom. Notwithstanding it cannot be unhesitatingly accepted as long as there is no agricultural holding forming an indivisible whole and the rights of use are not limited to the requirements of the dominant holding. Under the present system of the divisibility of landed property the legal grant of rights of

use to the owner of a landed estate may have quite absurd consequences. It would be much better for landed estates of collective ownership to be constituted as incorporated bodies and establish the principle of the indivisibility of the collective holding, in a similar manner to that of the communal holding.

The new regulations provide for the protection of the agricultural communities, while up to the present the agricultural authorities had abandoned them entirely to themselves as soon as the systemisation had been effected. Henceforward, however, the authorities will have to see to the carrying out of the plans of systemisation, the maintenance of the permanent works of collective use, and the exercise of a wise economy; they may even oblige the collective owners to undertake the necessary improvements, to remedy defects etc. The new provisions forbid sale (but not division) of mountain pastures, meadows and forests of collective ownership, as well as the encumbering of them, without the consent of the competent authorities.

§ 4. THE ELIMINATION OF ENCLAVES BELONGING TO FOREST HOLDINGS AND THE ROUNDING OFF OF SUCH HOLDINGS.

The above action is rendered necessary by the fact that often in a forest region even otherwise presenting an appearance of a well rounded off whole, there are meadows, fields etc. forming little enclaves belonging to owners other than those of the land by which they are surrounded.

This condition of things so injurious to the regular conduct of forestry business is an inheritance from the days in which wood was of little value and the forest was not regarded as utilisable economically, but rather as a game preserve; besides it was considered almost always as the property of the community. With the alteration of the economic conditions, many of the enclaves were got rid of by means of purchase or transfer: mutual agreement remained even under the recent agricultural legislation the only means for getting rid of this inconvenience due to the improper division of the soil. For the promotion of the work, the Austrian laws make no compulsory provision but only provide certain facilities. This is indeed natural, and according to the principle of economic liberty that began to prevail about 1860; the land had to be systemised by free agreement of the parties concerned, the law not having to do anything more than remove eventual obstacles. The Imperial law No. 93 of 1883 grants special facilities for transfers of this kind approved by the authorities; they have force, however, only in those provinces in which "land operations" regulations have been introduced, for only there are the necessary authorities to be found.

Contracts for transfer of land for purposes of rural or forestry economy, concluded with the approval of the Provincial or Departmental Commission for Land Operations, with the object of getting rid of parcels of land, in wooded districts, altogether or partly enclosed in land of other

ownership, are exempted by the above law from stamp and other taxes, and there is also exemption in these cases from any tax on the transfer of the land, the rights and duties involved in the ownership of it registered in the cadastre, and the absence of consent on the part of those enjoying the rights or subject to the obligations to the transfer and the alteration consequently made in the cadastre may be made up for by the approval of the Provincial or Departmental Commission.

* * *

Having now dealt at sufficient length with the principles inspiring the Austrian law in regard to "land operations", grouped in three distinct classes, and the principal provisions of the earlier and most recent legislation, of the former that is in so far as the latter is a consequence of it and based on it, let us now show the results obtained by the authorities up to the end of 1913 in the direction of the three principal operations: *readjustment*, *division* and *systemisation*.

§ 5. OPERATIONS CARRIED OUT UP TO THE END OF 1913.

In 1913 land operations were carried out in Lower Austria, Moravia, Carniola, Salzburg, Silesia, Galicia, Tyrol, Styria, and Upper Austria.

In Lower Austria, Moravia and Galicia, they were chiefly readjustments of land; in the other provinces they were divisions and systemisations, the latter almost everywhere in connection with the improvement of pastures and Alpine meadows.

The staff available for the legal and technical service of the first instance in the above provinces consisted of 28 local commissioners with 7 assistant local commissioners, and, in 26 technical offices, 26 technical managers and 1 assistant inspector, and also 100 agricultural engineers and 51 assistant engineers.

The total number of operations initiated up to the end of 1913 was:

253	readjustments	affecting	179,641	ha.	and	28,830	individuals
2,800	divisions	"	161,656	"	"	46,347	"
1,026	systemisations	"	293,738	"	"	50,545	"

Total 4,079 operations affecting . 653,035 ha. and 125,722 individuals

Of these, before 1913 there were already formally completed:

68	readjustments	affecting	48,700	ha.	and	6,336	individuals
1,525	divisions	"	88,717	"	"	28,598	"
243	systemisations	"	17,122	"	"	7,036	"

Total 1,834 operations affecting . 154,539 ha. and 41,970 individuals

In 1913 there were formally completed:

10	readjustments	affecting	4,414	ha. and	735	individuals	
47	divisions	"	6,201	" "	1,759	"	
12	systemisations	"	1,427	" "	354	"	
Total	69	operations	affecting . .	12,042	ha. and	2,848	individuals

Besides this, there were actually carried out:

122	readjustments	affecting	94,120	ha. and	16,903	individuals	
384	divisions	"	29,917	" "	6,141	"	
71	systemisations	"	17,394	" "	4,677	"	
Total	577	operations	affecting . .	141,431	ha. and	27,721	individuals

There were in course of execution:

53	readjustments	affecting	32,407	ha. and	4,856	individuals	
846	divisions	"	36,821	" "	9,849	"	
700	systemisations	"	257,795	" "	38,478	"	
Total	1,599	operations	affecting . .	327,023	ha. and	53,183	individuals

The increase in the number of operations commenced as compared with 1912 was:

12	readjustments
107	divisions and systemisations

Total	119	operations	affecting . .	56,977	ha. and	15,464	individuals
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At the end of 1913 there had further been received:

38	applications for readjustment.
384	" " division
401	" " systemisation

Total	803	applications for operations.
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With regard to the situation of the works in the different provinces we can give the following information:

1. Lower Austria.

At the end of 1913 there had been formally completed and actually carried out :

72	readjustments	affecting	77,511	ha.	and	7,769	individuals	
257	divisions	"	13,288	"	"	6,644	"	
112	systemisations	"	10,053	"	"	19,675	"	
<hr/>								
Total	441	operations	affecting	100,857	ha.	and	19,088	individuals

There were in course of execution :

16	readjustments	affecting	18,140	ha.	and	1,544	individuals	
35	divisions	"	1,930	"	"	600	"	
62	systemisations	"	299	"	"	247	"	
<hr/>								
Total	62	operations	affecting	20,369	ha.	and	2,931	individuals

In addition, there had been received at the end of the year.

3	applications for readjustment						
5	"	"	division				
12	"	"	systemisation				
<hr/>							
Total	20	applications	for operations.				

2. Moravia.

At the end of 1913 there had been formally completed and actually carried out :

104	readjustments	affecting	57,960	ha.	and	11,731	individuals	
172	divisions	"	1,133	"	"	1,757	"	
2	systemisations	"	473	"	"	328	"	
<hr/>								
Total	281	operations	affecting	59,566	ha.	and	13,816	individuals

There were in course of execution :

20	readjustments	affecting	10,876	ha.	and	2,550	individuals	
509	divisions	"	1,383	"	"	1,805	"	
8	systemisations	"	764	"	"	577	"	
<hr/>								
Total	537	operations	affecting	13,023	ha.	and	4,932	individuals

In addition to this, there had been received at the end of the year :
 12 applications for readjustment.

46 " " division.

8 " " systemisation.

Total 66 applications for operations.

3. Carinthia.

At the end of 1913 there had been formally completed and actually carried out :

4 readjustments affecting	964 ha.	and	186 individuals
568 divisions	39,351 "	"	8,455 "
162 systemisations	15,972 "	"	3,218 "

Total 734 operations affecting . . . 56,287 ha. and 11,849 individuals

There were in course of execution :

3 readjustments affecting	288 ha.	and	121 individuals
45 divisions	7,655 "	"	992 "
118 systemisations	28,334 "	"	3,702 "

Total 166 operations affecting . . . 36,277 " " 4,816 individuals

In addition, there had been received at the end of the year :

34 applications for division			
45 " " systemisation			

Total 79 " " operations.

4. Carniola.

At the end of 1913 there had been formally completed and actually carried out :

2 readjustments affecting	132 ha.	and	151 individuals
734 divisions	59,675 "	"	16,877 "
5 systemisations	2,228 "	"	403 "

Total 741 operations affecting . . . 62,035 ha. and 17,431 individuals

There were in course of execution :

15 divisions affecting	17,210 ha.	and	4,543 individuals
62 systemisations	17,308 "	"	4,530 "

Total 219 operations affecting . . . 34,518 ha. and 9,073 individuals

Besides this, at the end of the year there had been received:

5	applications for readjustment
214	" division
68	" systemisation

Total 287 applications for operations.

5. Silesia.

At the end of 1913 there had been formally completed and actually carried out:

3	readjustments affecting	986	ha. and	142	individuals
205	divisions	" 10,470	" "	2,447	"
5	systemisations	" 322	" "	232	"

Total 213 operations affecting . . . 11,778 ha. and 2,821 individuals

There were in course of execution:

1	readjustment affecting	95	ha. and	41	individuals
26	divisions	" 3,238	" "	395	"
1	systemisations	" 50	" "	126	"

Total 28 operations affecting . . . 3,383 ha. and 562 individuals

Besides this, by the end of the year there had been received:

1	application for readjustment
7	applications for division
1	application for systemisation

Total 9 applications for operations.

6. Galicia.

At the end of 1913 there were formally completed and actually carried out:

71	readjustments affecting	9,125	ha. and	3,922	individuals
6	divisions	" 584	" "	220	"
1	systemisations	" 123	" "	3	individuals

Total 14 operations affecting . . . 9,832 ha. and 4,145 "

There were in course of execution:

1	readjustment affecting	1,025	ha. and	250	individuals
19	divisions	" 1,215	" "	419	"
23	systemisations	" 4,685	" "	6,004	"

Total 43 operations affecting . . . 6,925 ha. and 6,673 individuals

In addition to this there had been received at the end of the year :

9	applications for readjustment
9	, , division
33	, , systemisation

Total 51 applications for operations.

7. Salzburg.

At the end of 1913 there had been formally completed and actually carried out :

5	readjustments affecting	267	ha.	and	27	individuals
20	systemisations	4,015	"	"	317	"

Total 25 operations affecting . . 4,282 ha. and 344 individuals

There were in course of execution :

4	readjustments affecting	272	ha.	and	36	individuals
2	divisions	216	"	"	27	"
90	systemisations	25,555	"	"	1,969	"

Total 96 operations affecting 26,043 ha. and 2,032 individuals

Besides this, there had been received at the end of the year :

1	application for readjustment
3	, , division
6	, , systemisation

Total 10 applications for operations.

8. Tyrol.

At the end of 1913 there had been formally completed and actually carried out :

1	readjustment affecting	12	ha	and	3	individuals
3	divisions	59	"	"	14	"
11	systemisations	2,601	"	"	2,822	"

Total 15 operations affecting . . 2,672 ha and 2,839 individuals

There were in course of execution :

2	readjustments affecting	401	ha.	and	94	individuals
8	divisions	1,724	"	"	224	"
308	systemisations	162,029	"	"	19,406	"

Total 318 operations affecting . . 164,154 ha. and 19,724 individuals

Besides this there had been received at the end of the year:

15 applications for division
 198 " " systemisation

Total 213 applications for operations.

9. *Styria.*

At the end of 1913 there had been formally completed and actually carried out:

1	readjustment affecting	43	ha.	and	9	individuals
9	divisions	275	"	"	94	"
4	systemisations	141	"	"	26	"

Total 14 operations affecting . . 459 ha. and 129 individuals

There were in course of execution:

3	readjustments affecting	667	ha.	and	105	individuals
45	divisions	2,250	"	"	843	"
76	systemisations	18,420	"	"	1,628	"

Total 124 operations affecting . . 21,337 ha. and 2,576 individuals

Besides this, there had been received at the end of the year:

6 applications for readjustment
 51 " " division
 26 " " systemisation

Total 86 applications for operations.

10. *Upper Austria.*

At the end of 1913 there had been formally completed and actually carried out:

1	readjustment affecting	234	ha.	and	34	individuals
1	systemisation	16	"	"	44	"

Total 2 operations affecting . . 250 ha. and 78 individuals

There were in course of execution:

3	readjustments affecting	643	ha.	and	115	individuals
3	systemisations	357	"	"	289	"

Total 6 operations affecting . . 994 ha. and 404 individuals

Besides this, there had been received at the end of the year:

1 application for readjustment
 4 " " systemisation

Total 5 applications for operations.

AUSTRIA - MISCELLANEOUS

Agricultural Operations at the

Stage of Completion	Province	Readjustments		
		Number of Operations	Area ha.	Number of Persons Affected
Formally Completed	Moravia	8	3,329	660
	Lower Austria	1	1,063	73
	Carinthia	—	—	—
	Carniola	1	22	2
	Silesia	—	—	—
	Galicia	—	—	—
	Salzburg	—	—	—
	Tyrol	—	—	—
	Styria	—	—	—
	Upper Austria	—	—	—
Total		10	4,414	735
Actually Carried out	Moravia	58	33,621	6,902
	Lower Austria	44	48,938	5,543
	Carinthia	4	964	186
	Carniola	1	110	149
	Silesia	3	986	142
	Galicia	7	9,125	3,922
	Salzburg	2	87	13
	Tyrol	1	12	3
	Styria	1	43	9
	Upper Austria	1	234	34
Total		122	94,120	16,903
At an Advanced Stage	Moravia	7	2,597	810
	Lower Austria	7	6,150	632
	Carinthia	1	105	63
	Carniola	—	—	—
	Silesia	1	95	41
	Galicia	—	—	—
	Salzburg	1	14	3
	Tyrol	1	137	33
	Styria	1	290	47
	Upper Austria	—	—	—
Total		19	9,388	1,629
at the First Stage	Moravia	13	8,279	1,740
	Lower Austria	9	11,990	912
	Carinthia	2	183	58
	Carniola	—	—	—
	Silesia	—	—	—
	Galicia	1	1,025	250
	Salzburg	3	258	33
	Tyrol	1	264	61
	Styria	2	377	58
	Upper Austria	3	643	115
Total		34	23,019	3,227

End of 1913. — Summary.

Divisions			Systematisations			Total		
Number of Operations	Area ha.	Number of Persons Affected	Number of Operations	Area ha.	Number of Persons Affected	Number of Operations	Area ha.	Number of Persons Affected
2	212	660	—	—	—	10	3,541	1,320
3	570	139	2	158	62	6	1,791	274
7	1,258	160	8	774	276	15	2,032	436
35	4,161	800	1	107	8	37	4,290	810
—	—	—	—	—	—	—	—	—
—	—	—	1	388	8	1	383	8
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
47	6,201	1,759	12	1,427	354	69	12,042	2,848
156	532	563	—	—	—	214	34,153	7,465
7	526	222	4	874	348	55	50,338	6,113
61	10,025	1,456	30	8,441	714	95	19,430	2,356
192	16,635	3,401	2	1,704	347	105	18,449	3,897
40	1,281	171	1	10	71	44	2,277	384
6	584	220	1	123	3	14	9,832	4,145
—	—	—	17	3,484	302	19	3,571	315
3	59	14	11	2,601	2,822	15	2,672	2,839
9	275	94	4	141	26	14	459	129
—	—	—	1	16	44	2	250	78
384	29,917	6,141	71	17,394	4,677	577	141,431	27,721
112	657	588	5	303	224	124	3,617	1,622
25	1,703	471	8	227	196	40	8,080	1,299
26	6,855	642	29	7,884	984	56	14,844	1,689
93	12,019	3,184	32	8,440	2,456	125	20,459	5,640
12	236	53	—	—	—	13	331	94
4	530	196	9	1,930	1,577	13	2,460	1,773
—	—	—	49	14,124	929	50	14,138	932
3	301	30	61	39,663	3,509	65	40,101	3,572
22	716	362	23	4,722	446	46	5,728	855
—	—	—	2	170	276	2	170	276
297	23,017	5,126	218	77,523	10,597	534	109,928	17,752
307	726	1,217	3	401	353	413	9,406	3,310
10	227	129	3	72	51	22	12,289	1,092
19	800	351	89	20,450	2,718	110	21,433	3,127
64	5,191	1,359	30	8,868	2,074	94	14,059	3,433
14	3,002	342	1	50	126	15	3,052	469
15	685	223	14	2,755	4,427	30	4,465	4,900
2	216	27	41	11,431	1,040	46	11,905	1,100
5	1,423	194	247	122,366	15,897	253	124,952	16,152
23	1,534	481	53	13,098	1,182	78	15,600	1,722
—	—	—	1	181	13	4	824	128
549	13,804	4,323	482	180,272	27,871	1,065	217,995	35,431

Agricultural Operations at the

Stage of Completion	Province	Readjustments		
		Number of Operations	Area ha.	Number of Persons Affected
Total of the Operations in course of Execution	Moravia	86	47,826	10,112
	Lower Austria	61	68,141	7,160
	Carinthia	7	1,252	307
	Carniola	2	132	151
	Silesia	4	1,081	183
	Galicia	8	10,150	4,172
	Salzburg	6	359	49
	Tyrol	3	413	97
	Styria	4	710	114
	Upper Austria	4	877	149
	Total	185	130,941	22,494
Formally completed before 1913	Moravia	38	21,010	4,169
	Lower Austria	27	27,510	2,153
	Carinthia	—	—	—
	Carniola	—	—	—
	Silesia	—	—	—
	Galicia	—	—	—
	Salzburg	3	180	14
	Tyrol	—	—	—
	Styria	—	—	—
	Upper Austria	—	—	—
	Total	68	48,700	6,336
Total	Moravia	124	68,836	14,281
	Lower Austria	88	95,651	9,313
	Carinthia	7	1,252	307
	Carniola	2	132	151
	Silesia	4	1,081	183
	Galicia	8	10,150	4,172
	Salzburg	9	539	63
	Tyrol	3	413	97
	Styria	4	710	114
	Upper Austria	4	877	149
	Total	253	179,641	28,830
Applications	Moravia	12	—	—
	Lower Austria	3	—	—
	Carinthia	—	—	—
	Carniola	5	—	—
	Silesia	1	—	—
	Galicia	9	—	—
	Salzburg	1	—	—
	Tyrol	—	—	—
	Styria	6	—	—
	Upper Austria	1	—	—
	Total	38	—	—

End of 1913. — Summary (Continued).

Divisions			Systemisations			Total		
Number of Operations	Area ha.	Number of Persons Affected	Number of Operations	Area ha.	Number of Persons Affected	Number of Operations	Area ha.	Number of Persons Affected
667	2,127	3,028	8	764	577	761	50,717	13,717
45	3,026	961	17	1,331	657	123	72,498	8,778
113	18,398	2,609	156	37,549	4,692	276	57,739	7,608
294	38,006	8,744	65	19,119	4,885	361	57,257	13,780
66	4,519	556	2	60	197	72	5,600	946
25	1,790	639	24	4,808	6,007	57	16,757	10,818
2	216	27	108	29,427	2,279	116	30,002	2,355
11	1,783	238	319	164,630	22,228	333	166,826	22,563
54	2,525	937	80	18,561	1,654	138	21,796	2,705
—	—	—	4	367	333	8	1,244	482
1,277	72,939	17,749	783	276,616	43,509	2,245	480,496	83,752
14	389	534	5	473	328	57	21,872	5,031
247	12,192	6,283	106	9,020	4,205	380	48,722	12,701
500	28,068	6,829	124	6,757	2,228	624	34,825	9,057
597	38,879	12,676	2	417	48	599	39,296	12,724
165	9,189	2,276	2	312	160	169	9,501	2,436
—	—	—	—	—	—	—	—	—
—	—	—	2	143	7	5	323	21
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
1,523	88,717	88,717	243	17,122	7,036	1,834	154,539	41,970
681	2,516	3,562	13	1,237	905	818	72,589	18,748
292	15,218	7,244	123	10,351	4,922	503	121,220	21,479
613	47,006	9,438	280	44,306	6,920	900	92,564	16,665
891	76,885	21,420	67	10,536	4,933	960	96,553	26,504
231	13,708	2,842	6	372	357	241	15,161	3,382
25	1,790	639	24	4,808	6,007	57	16,757	10,818
2	216	27	110	29,570	2,286	121	30,325	2,376
11	1,783	238	319	164,630	22,228	333	166,826	22,563
54	2,525	937	80	18,561	1,654	138	21,796	2,705
—	—	—	4	367	333	8	1,244	482
2,800	161,656	46,347	1,026	293,738	50,545	4,079	635,035	125,772
46	—	—	8	—	—	66	—	—
5	—	—	12	—	—	20	—	—
34	—	—	45	—	—	79	—	—
214	—	—	68	—	—	287	—	—
7	—	—	1	—	—	9	—	—
9	—	—	33	—	—	51	—	—
3	—	—	6	—	—	10	—	—
15	—	—	198	—	—	213	—	—
51	—	—	26	—	—	83	—	—
—	—	—	4	—	—	5	—	—
384	—	—	401	—	—	823	—	—

BELGIUM.

AGRICULTURAL LABOURERS IN BELGIUM.

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BOUCHÉ (B); Les ouvriers agricoles en Belgique (*Farm Labourers in Belgium*). Published by the Solvay Sociological Institute. Brussels, 1913, Misch and Thron.

JANSSENS DE BISTHOVEN: Quelques aspects de la question agricole (*Some Aspects of the Agricultural Problem*). Bruges, 1914. Printed by L. de Plancke.

Among the problems of agricultural economy that have excited the greatest interest in recent years, in Belgium as in almost all European countries, we find rural exodus one of the most prominent (1). And since the exodus is most observable among the farm labourers, the largest agricultural class, it seems to us desirable to show here the various systems of recruiting labourers and the various forms of contracts, the conditions of labour, the hours of work and the wages. While an examination into these matters will help to explain the phenomenon of rural exodus in the country, it will also serve to enlighten the reader in regard to some aspects of the question characteristic of Belgian farm labour.

The subject, already to some extent treated in important works on Belgian agricultural economics, such as those of Vandervelde, Vliebergh,

(1) See in this connection the article by ROBERT ULENS: "Rural Exodus in Belgium", published in the *Monthly Bulletin of Economic and Social Intelligence*, May, 1914; and, in special relation to the causes of the exodus of farm labourers, the article: "The Principal Questions of Agricultural Economy Discussed at the 10th. Congress of Agriculture at Ghent in the number of the same Bulletin for December, 1913.

Frost-Brussel, Mahaim, S. Rowntree etc., has been scientifically dealt with in its various aspects by M. Bouché in one of the recent "Travaux de l'Institut de Sociologie Solvay," which will be a very useful guide for us in the present study, as it contains the results of an enquiry carried out by the Author himself, with the help of numerous question lists, into the conditions, vicissitudes and requirements of the Belgian farm labourers.

§ I. THE PRINCIPAL CLASSES OF FARM LABOURERS.

As we have to examine the conditions and the economic and social characteristics of the Belgian farm labourers, it will be well for us first of all to know their number and the principal classes of them. The statistics we have are rather old, the latest dating from 1895. In that year, in a total agricultural population of 1,202,905 persons (18.79 % of the whole population of Belgium) there were 187,106 farm labourers (128,277 men and 58,829 women) or 14 % of the total agricultural population (1), while of 1,130,000 persons engaged in industry, 75 % were in receipt of wages.

This total number of farm labourers was distributed as follows in the various provinces; West Flanders, 39,351; East Flanders, 35,088; Brabant, 25,584; Hainaut, 22,019; Antwerp, 16,385; Liège, 14,584; Limbourg, 12,900; Namur, 12,776; Luxembourg, 8,419. Fifteen years earlier, in 1880, the agricultural population was 1,199,319 (21.77 % of the total population), amongst whom 217,195 were labourers.

Belgian farm labourers may be divided into three principal classes, which must be considered separately: day labourers, *gagistes* and *tâcherons*.

(a) The *day labourers*: These are labourers who undertake to work either for a fixed period or permanently for daily wages of 1 fr., 1.50 fr. or 2 frs. They are employed in all work in the fields or about the buildings that can be profitably accomplished at fixed hours without it being necessary for the labourers to reside on the farm. In fact, both the permanent and temporary labourers return to their houses in the evening and sometimes even in the day. They are usually recruited in the locality in which they are to work and generally live near the farm. But their recruiting is everywhere becoming somewhat difficult, so that to attract them and attach them to the farm the landholders and farmers usually give them or lease to them for less than the current rate, a piece of land to farm with a dwelling house, providing them also with farm produce and very often with implements of labour and draught animals. But all this is of little avail: since the tendency and the aspiration of the day labourer is always to become one day an independent cultivator. The deficiency of day labourers has therefore to be supplied by agricultural machinery and other classes of labourers.

(1) The difference, 1,015,799 was represented by the members of the farmers' families habitually employed on work in the fields.

(b) The *gagistes* : Under this name are included the servants employed about the buildings, generally engaged for a year or for an indefinite term, paid by the year or more often by the month at the rate of 20, 25 or 30 fr., in addition to board and lodging. They satisfy the need the farmer has of a certain staff always at his disposal, night and day.

The number of servants of this class depends in each case on the nature of the farm and the conditions of the labour market. Thus, in the region of the Dunes, the cultivation of market gardens and intensive livestock improvement causes this class of wage earners to predominate. The farmers have to have recourse to them, as above hinted, to meet the growing lack of day labourers. In contrast, however, to the latter, the *gagistes* are seldom recruited in the locality in which they are to work, but come more frequently from other localities or regions. This is due to the disinclination they feel to become servants, especially in their native village, as it implies continuous and immediate dependence on the employer, generally not easily supported and considered humiliating.

(c) The *tâcherons* : These are *contract labourers*, who undertake to accomplish a given work for a single fixed amount, for example, 20 fr. for mowing a hectare. In special seasons of the year, there is, in fact, urgent work to be done, simple but fatiguing, for which the ordinary labourers do not suffice and their number must be increased ; in that case their place is supplied by the *tâcherons*, or jobbing labourers, whose interest it is to perform as much work as possible in as short a time as possible and over whom the farmer has not to exercise any supervision, except in rare cases.

There are two kinds of *tâcherons*, those recruited on the spot among the day labourers, for the accomplishment of special or urgent work, such as frequently has to be done in districts of small farms, and those recruited at a greater or less distance from the farm. The latter have all the character of emigrants, in so far as their removal from the district in which they reside to that in which they have to work is of a periodical nature and the same labourers often return to work for the same masters. They sometimes find employment together with the former in the regions where farms are large and the local labour supply insufficient, as in Hesbaye, Condroz etc.

The large majority of these emigrant labourers are Flemish.

Of course the formation and number of the various classes of agricultural labourers in the different regions is influenced by various circumstances. Of these the principal are the kind and area of the farm, the nature of the soil, the density of the population, the conditions of the labour market, the development of agricultural technique etc. It is, indeed, evident that where, as in the regions of the Dunes, market gardening and livestock improvement prevail, a larger number of servants are required for the farm-houses ; and where small farms predominate the employment of *tâcherons* is rare, though they are most necessary, on the other hand, at certain times on the average sized and large farms. So also it is evident that in a region where the population is large and the rural industrial development is considerable, such as Flanders, it is comparatively very easy to find the labour-

ers required on the spot, in the class of house servants and day labourers, which consequently reduces the employment of *tâcherons* etc.

§ 2. THE VARIOUS FORMS OF RECRUITING FARM LABOURERS AND THE CONTRACTS.

In Belgium there is no organized labour market, nor are there private or public labour bureaux for farm labourers, but the system still prevalent is that of the direct search for employment on the part of the labourer, who often goes from farm to farm offering his services, or, what is more frequently the case to day, the landlord or the lessee goes in search of the labour he needs. Nor are advertisements in the agricultural papers and magazines of much use, for the simple fact that the field labourer reads little or rather does not read the papers at all, and, for his part, has no need to resort to public advertisement, because generally the demand for labour exceeds the supply.

But if the individual quest of labour, directly by the party concerned, is still the system most usual in the Belgian country districts, there are, all the same, also special persons who in particular places undertake to recruit and to find employment for labourers. Thus, day labourers usually may be recruited by any person of the locality who, often out of pure friendship towards the owner of the farm, undertakes to find them and to provide the necessary information in regard to them. The *gagistes*, on the other hand, coming, as we have seen, for the most part, from other regions, are supplied by special intermediaries called *placeurs*, who receive generally 5 francs for every servant engaged. Finally, the *tâcherons* are recruited by gangers or by special agents. In the first case, the ganger deals directly with the farmer, obliging himself to obtain the necessary labourers for him at the time and under the conditions desired. This is the usual system in the districts of large farms.

The want of any organization of the agricultural labour market referred to is due to the very character of the Belgian farm labourer: "*L'ouvrier agricole est en Belgique un candidat à terre*" (In Belgium the agricultural labourer is an aspirant for a farm). No farm labourer there proposes to better himself as a labourer. No labourer, that is to say, struggles as a wage earner, *but as a future independent farmer*. Right or wrong, says Bouché, in the work quoted, he considers his position transitory; he is sustained by the force of his own ideal, which is possession, and which very often is practically realised by the occupation of a piece of land on lease. The agricultural labourer, in substance, hopes one day to leave his class, and in this hope he does not understand or feel the need of a labour organization.

Let us now consider the customs and forms of contract existing in Belgium for the employment of agricultural labourers. There are verbal and written agreements. The first are usual in the case of *gagistes* and day

labourers, the second in that of the *tâcherons*. The reason of the difference is simple : the *gagistes* and day labourers are the ordinary, usual labourers ; if the former come from other places they are, however, in constant contact with the farmer by whom they are lodged ; while the latter, belonging to the place in which they work, are quite well known by everybody. Both, in a word, are or become members of the household and hence a verbal agreement suffices to establish their reciprocal engagements with the landowner or tenant farmer. The *tâcherons*, on the other hand, as we know, are strangers to the locality, they often come from distant regions to do special work, temporary but of great importance, such as mowing, harvesting etc. ; it is therefore advisable, even necessary, to have in their case, a written contract, for the mutual security of the parties.

There are various customs in different regions prevalent in regard to the engagement and dismissal of *gagistes*. In the region of the Dunes they are accustomed to present themselves for service at any period of the year, but those who keep to the old customs enter into service on the first of May and annually renew their engagements on that date. In the region of the Polders they are engaged for a whole year, but always paid by the month. In Campine the agreement is for a year, or for a month, without any indication, however, of the date of its expiration. In Condroz the contract is on some farms by the year, on others by the month etc.

In some regions there is a characteristic custom, in accordance with which a kind of earnest money, *godspenning*, is given by the farmer to the *gagiste*, at the moment of passing the contract. In Campine the amount is 10 francs, usually paid by whichever party breaks contract. In Flanders, a *godspenning* of 5 francs is paid at the passing of the contract ; on the expiration of a year, if the servant renews the agreement, he receives a second *godspenning*, which is in this case really a premium.

Provision is also usually made in the agricultural labour contracts for 15, 10 or 8 days' notice of termination of contract to be given, a rule by which both the servants and the farmers or landholders are bound.

Written agreements, as we have said, are almost exclusively confined to cases of engagements for piece work. The farmer and the *tâcheron*, in fact both, are keenly interested, the first to know for certain that his crops will be harvested, the second that he is assured of sufficiently remunerative work in the summer. The form of these contracts is rather simple and often consists in a mere written promise. The farmer, in most cases, arranges with a single labourer, the ganger, who undertakes to find the necessary labourers and generally is the only one who signs. When the moment comes for the execution of the work, the farmer advises the ganger so that he may hold himself in readiness.

This is the most usual form of these agreements. But, owing to the increasing employment of agricultural machinery and the need of security the labourers on wages are feeling more and more, in recent years this labour contract has been transformed and adapted to new requirements. A special arrangement is now made by the large farmers who employ

machinery. The farmer, that is to say, engages, by means of a regular contract, a certain number of labourers for the summer season, with their pay fixed in advance. The arrangement is generally for about 200 francs for six weeks with lodging and a proportion of their board to be agreed upon. In this new form of contract it is established that the labourers must do all the work required by the farmer; the reaping, transport of the grain to the warehouses, manuring etc. And in some cases also the farmer has the right to demand an extra week's work at 4 fr. a day per labourer.

The agricultural labourers generally prefer this new system, because the pay and the period of their employment is fixed in advance and they are less exposed to risks than formerly.

§ 3. AGRICULTURAL WORKING HOURS AND WAGES.

The Belgian agricultural statistical returns give us no information with regard to the working hours of the agricultural labourers, but it may be said generally that it is the sun that regulates the duration of the work in the fields.

On the other hand, the Monographs on the different regions of the country (1) the Agricultural Department has published in most cases, indicate a working day in winter from 6 or 7 a. m. to 5 or 6. p. m. and in summer from 4 or 5 a. m. to 7 or 8 p. m., with about two hours rest during the day. But this applies mainly to the case of the *gagistes* and so the information is incomplete. It is advisable, on the other hand, to make a distinction, as far as the duration of the agricultural work is concerned, between the three classes of agricultural labourers previously considered, as the conditions of these classes are different, and it will then be easily seen that the *gagistes* and *tâcherons* have the longest days, the former, because, being house servants, they must always remain at the farm house, the second because they work by the piece; both, then, "follow the sun". On the other hand, the day labourers, whose affinity to the industrial workmen is closer, are trying to obtain more or less fixed hours, on an average twelve a day. And this is possible in view of the kind of work entrusted to them. There is to be observed, also, a general tendency towards the reduction of the hours of agricultural work, which is most marked in the regions of large farms and in the neighbourhood of industrial centres.

Let us now pass to a consideration of the wages, giving special attention to the modes of payment and the rate of pay.

In the first place the wages may be calculated in respect to the time or to the quantity of work done. In respect to time, the wages may be per year, per month, per day and per hour.

Wages per year imply a long contract, for at least one year, but such contracts are tending slowly to disappear. It is, in fact, evident that contracts

(1) See Sources of this article.

for a year impose too great an obligation on the farm labourer, and where they still exist they are a heritage of times and customs of the past. They are only made with farm house servants.

Wages are most usually calculated by the month in the case of the *gagistes*. The month is the shortest period for which they are employed. Those, indeed, who are not satisfied serve their month and go to seek employment elsewhere.

The day labourer is paid by the day ; as are also labourers who work by the day at the farm house. There are also wages paid per half or quarter of a day, especially in the case of women who cannot leave their homes for an entire day and can only engage to work for a few hours.

On Belgian farms wages are also paid by the hour, but this is rare. The verification of the number of hours actually worked in this field is very difficult. It requires a special system of bookkeeping, both fatiguing and inconvenient. However, the neighbourhood of urban and undustrial centres where wages are generally paid by the hour in the factories has here and there led to the farmers adopting the system.

The other mode of calculating wages is in proportion to the amount of work done, *by the piece* and *by the job*.

The former is usual when the labourer is engaged to perform a given kind of work at a rate of so much for a definite portion, so much, that is, per square metre, so much per 100 kg. of grain threshed etc. ; the latter, when he assumes the charge and the responsibility of executing the whole of a given work ; thus, if a *tâcheron* engages to harvest the beetroot crop on an area of 15 hectares at 55 francs the hectare.

And the labourer who threshes grain *by the piece* may suspend his work at any moment ; but he who has undertaken the mowing of a given area is obliged to finish the job at his own risk and peril.

While, however, wages paid *by the piece* are generally those of individual labourers, wages may be paid by the job either to individuals or to groups, generally to individuals on small farms, where often the work of a single *tâcheron* suffices, and collectively on medium sized and large farms. In the latter case, the work is arranged on a co-operative system, by several labourers who contract to do the work and divide the wages almost always in equal proportions. The head of the group sometimes receives a slightly larger amount, for example 50 centimes more a day.

The farm wages as above distinguished may be paid in money, in kind or in service.

Money is of course the principal if not the only form in which farm wages are paid. The *gagiste* earns, in fact, from 15 to 20 or 30 francs a month ; the day labourer from 2 to 3 or 4 frs. a day, or 0.15, 0.25 or 0.30 frs. an hour ; and the *tâcheron* from 20 to 25 or 40 frs. the ha.

This is the only method of payment in the case of the *tâcheron* and day labourer, who sometimes receives no additional wages in kind, such as board or lodging. It is, however, the principal but not the sole form of remuneration of the *gagiste*, who generally receives board and lodging on the farm on which he is employed.

Wages in kind form the principal or the sole means of remuneration in the case of certain work performed *by the piece* or *by the job*. Thus a labourer threshing grain, instead of receiving, for example, 1.50 fr. per 100 kg. threshed may receive a proportion of the grain, $\frac{1}{12}$ th. or $\frac{1}{15}$ th. Another labourer may undertake to reap the fields of a farm on condition of receiving a certain proportion of the grain. This system is still usual in Hesbaye and Condroz, regions of medium sized and large farms, where the ordinary labourers (in the fields and houses) are not sufficient and the more important work has to be given out to *tâcherons* on contract.

In some regions, in addition to payment in money it is customary to give the day labourers and *gagistes* presents or perquisites. Thus, for example, in the Polders, the day labourers receive on lease from the farmer some ares of land already manured and sown, and with the help of what they can make on the farm they are able to keep rabbits and a pig or two.

A third characteristic method of remunerating labour is by means of special services rendered to the labourer. It is no rare thing for the farmer who engages labourers to perform certain work (such as ploughing, manuring, transport etc.) or get it performed for them. This kind of return service (unknown in the manufacturing field) may be gratuitous or may be repaid. In the first case, it is, in so far as the benefit can be expressed in money, a supplement to the ordinary wages. In the second, however, there is a real exchange of services, the value of which is estimated by each party, or the whole or part of the work done by the agricultural labourer, generally belonging to the class of day labourers, is paid for by means of certain services rendered by the farmer. Thus, in the region of the Dunes, the servants and farm labourers, generally, on holidays have free use of their employers' horses and wagons for ploughing, manuring etc. Elsewhere, however, the day labourers are compensated for their labour by means of services of various kind ; the preparation and sowing of a piece of land, transport of material and produce etc.

There are, finally, no recent official statistics in regard to the rate of farm wages and the information in unofficial publications is generally little reliable.

From the manifold examples revealed by Bouché's enquiry above mentioned, it appears that nowadays the annual wages of farmhouse servants vary according to circumstances from a minimum of 500 frs. to a maximum of 900 frs., including board for an average number of 300 days effective work. The wages of day labourers it may be said had in general risen considerably between 1900 and 1912. As, in fact, appears from a special statistical report on the fluctuations in wages during that period, compiled by the West Flanders Provincial Agricultural Commission, in 1900, the average daily wage in the rural communes of that province was for men 0.96 frs. with board, or 1.7 frs. without, and for women 0.57 frs. with board and 1.13 frs. without. These averages in 1912 were respectively 1.45 frs. and 2.35 frs. for men and 0.93 frs. and 1.68 frs. for women.

UNITED STATES.

THE AGRICULTURAL NEEDS OF THE UNITED STATES.

AMERICAN EVIDENCE: Information and Evidence Secured by the American Commission and the United States Commission. Senate Document No. 214, Part 3. 63rd Congress, 1st. Session. Washington, 1914.

INTRODUCTION.

We have already dealt in this *Bulletin* with the work of the two Commissions which, in 1913, visited Europe for the purpose of collecting information upon the subject of agricultural co-operation, including agricultural credit. The investigations were undertaken for the purpose of discovering how far European systems of co-operation could be adapted to meet the needs of American agriculture, and, as a necessary preliminary step to making specific recommendations, the Commissions attempted to ascertain the precise nature of these needs. The American Commission asked the Governor of each State to appoint a small committee to prepare a brief report on the State's agricultural needs. Reports were in due course received from most of the States and printed in a single volume as Part 3 of Senate Document No. 214.

The reports, as indeed was to be expected, are very unequal in value; but taken together they give an interesting and presumably accurate account of America's agricultural needs, and we shall attempt here to give a summary of their contents. Without trying to deal with the reports by States we shall examine the needs of American agriculture under four heads: (1) Improved methods of farming; (2) Improved facilities for the transport and sale of produce; (3) Increased credit facilities; (4) Improved social conditions.

§ I. IMPROVED METHODS OF FARMING.

In the course of recent discussions upon American agriculture it has often been asserted that what the farmer lacks is a knowledge of business methods, and that what he needs, therefore, is something in the nature of instruction in the art of selling. The average farmer, according to this view, is a man who is competent and hard-working and, as a technical farmer, successful, but who receives very little in exchange for his products because he is exploited by food combines or trusts. An impartial examination of the evidence available, however, rather inclines one to doubt the correctness of this view. That the farmer is often a bad business man is undeniable; but that he is usually a combination of good farmer and bad business man is not so clear. There is no obvious reason why a man who shows intelligence as a farmer should cease to be intelligent when he comes to do business; and the real truth seems to be that the indifferent farmer is usually an indifferent business man, and that good farming — that is, intelligent farming — is usually associated with intelligent business methods.

At any rate, leaving aside for the moment the question of the disposal of farm produce, there is, in the reports with which we are dealing a clear consensus of opinion that the American farmer needs, over and above everything else, instruction in improved methods of cultivation. This in no way affects the truth of the assertion that if the farmer were better informed as to the markets for his products he might very often secure better prices for them. What is affirmed is this: that while American farming may have more than one weak point it is really weakest from the point of view of what constitutes sound farming, and that, consequently, it is towards improvements in technical agriculture that the farmer should first direct his attention.

To explain why much of the farming in America is relatively poor farming, and much of it absolutely bad farming, a number of reasons would have to be assigned. We shall refer only to those which are indicated in the reports with which we are dealing.

In the first place the American farmer, ever ready to move on to new lands in his search for an agricultural El Dorado, is constantly trying to farm under conditions of soil and climate which are quite new to him and which he does not in the least understand. As a result, his work for the first few years in a new district is usually a series of unfortunate and costly experiments. And by the time he has become fairly well acquainted with one district, and is farming with moderate success, he probably hears of another new district where land is waiting for the first comer and the crops are phenomenal — even for America, — and he takes the trail once more.

Until the present time, free land or at any rate cheap land has always been available either in the United States or in Canada, and there is still

an enormous territory to be brought into cultivation, so that for a long time to come the difficulty of the new settler will exist. The problem to be solved is how to provide him with sufficient information about the agricultural conditions of the district into which he has moved to prevent his making serious mistakes in cultivation.

The problem is referred to by a large number of the State Commissions. The Idaho Commission reports thus : "The majority of the farmers of Idaho are new settlers. They have had little or no experience with semi-arid agriculture, and in many instances no experience of any kind in agriculture. The mistakes made under these conditions, where they have no counsel and advice, are extremely costly and fatal to their success." Again, in the Oklahoma report we read : "We need a general education of our farmers along all agricultural lines. Fundamental in such education should be information relative to soil and climatic conditions, as practically all our farmers come from States where conditions are different and will not realize the full degree of success from their efforts until they have an understanding of the local conditions."

But the need for technical instruction in agriculture is by no means confined to the inexperienced settler in the newer States. New Jersey is one of the oldest of the States, yet in their report the Commissioners say : "We do not, in most cases, secure the returns from the land which the intelligent and industrious farmer should secure. We fail to conserve the moisture that falls upon the land. We fail to supply the lacking plant food. We fail to adapt varieties of crops to our particular needs. We fail to deal effectively with fungous and insect enemies. In a word we still have much to learn concerning methods of profitable farming."

Enough has been said to show that the people interested in agriculture in America labour under no delusion as to the average quality of the farming there. Fortunately they also see clearly that the standard can only be raised by a well-devised system of technical instruction, and the reports are practically unanimous in recommending that all the existing agencies for providing such instruction should be strengthened and extended. The method of providing technical instruction through county agents or demonstrators is viewed with particular favour by the Commissions. It has already yielded excellent results in various States, for the most part in the South, and is being extended rapidly, — expert advisers being appointed by county authorities (often with some financial assistance from both State and Federal authorities) practically as fast as suitable men become available. The men are drawn largely from the Agricultural Colleges, but the ordinary college course in agriculture needs to be supplemented by some considerable experience as a practical farmer, and by some further study of the economics of production, in order to fit a man for the position of agricultural adviser to a county. An adviser is expected to carry out a soil survey of his district, to make soil analyses, to issue useful general instructions to farmers and at the same time give advice on specific points to individual farmers, to solve problems of farm-

management, to give advice as to the best methods of selling farm produce and, if necessary, to organise and manage a labour bureau.

The farmers' demand for increased help from Federal and State agencies will be met to a very considerable extent by a recent Act of Congress — the so-called "Lever Act" — under the provisions of which a sum of 23,120,000 dollars will be devoted by the Federal Government during the next nine years to the extension of agricultural instruction, on condition that the States contribute in the same period of nine years a further sum of 18,800,000 dollars for the same purpose.

A number of the reports refer to the question of tenancy, and as the matter is always closely connected with the question of methods of cultivation we may deal with it at this point. Tenancy, or to be more precise, the occupation and working of the land by tenant farmers and not by the real owners of the land, is almost universally alluded to in the United States as an evil, though to speak of "the evil of tenancy" is somewhat misleading, when what is really intended is the defectiveness of the existing system of tenancy. The fact that, as things are, rented land in the United States is usually badly farmed land proves no more than that the system under which tenants rent land is on the whole a bad one.

In some cases the real nature of the evil is seen clearly enough. The Iowa Commission, speaking of conditions in that State, say: "The most obvious need is the recasting of the present system of land tenancy. At present 40 per cent. of the farms of the State are occupied by tenants. Most of the leases run for but one year; a few are for three years, and some for five years. This system of short term tenancy is bad for the landlord, worse for the tenant, and worst for the land. The general practice of farm tenancy takes but very little into account the all important factor of retaining or improving the fertility of the land. We need laws, both Federal and State, that will compel consideration of the land in all leases, making it the chief factor of importance, to be followed later by the claims of the tenant and the landlord. We need mandatory laws providing for compensation to tenants for improvement both of the soil and of buildings."

It is clear, therefore that in Iowa at least the members of the Commission recognise that the evil lies in the shortness of the tenancy and in the fact that the tenant has no claim to compensation.

In the report from New Jersey, too, the difficulty is stated in its true terms: "The depletion of the soils of our State has been hastened by lack of wise legislation on land tenure. Under present conditions the tenant is not in any way encouraged to improve his holding. He knows that he is renting the farm for one or two years, or at most for a few years only, and aims to derive as large an income as possible with the least investment on permanent improvements. He has no incentive to adopt methods of rotations that would enhance the crop-producing power of the land. European countries have long recognized the wisdom of encouraging the tenant to maintain the land at a high level of productiveness. It is time that

New Jersey, among other States, gave earnest consideration to legislation on land tenure."

§ 2. IMPROVED FACILITIES FOR THE TRANSPORT AND SALE OF PRODUCE.

In a country like the United States, where producing regions are often at enormously long distances from consuming centres, the problem of providing adequate facilities for transport and sale is constantly making itself felt in one form or another. Occasionally it is a purely material question of providing the means of communication; more often it is a question of finding an economical system of selling to take the place of methods which are regarded as wasteful and inefficient.

There are references in the reports to both aspects of the problem. The need for good roads for instance is insisted upon in the reports from Delaware, Montana, New Jersey, Oregon and other States; the need for organising co-operative selling associations is referred to in a large number of the reports; and several others point out the need for organising associations of consumers in the towns.

It is significant that while the farmers would appear to be satisfied with the existing railway service they feel severely the need for better roads. In fact, railway construction has outrun the development of communication by road, and many places enjoying by rail an excellent service of communication with distant towns are separated from near-by towns and villages by roads which at their best are bad and at their worst are impassable. As a result, the work of hauling produce from the farm to the railway station is rendered both irregular and costly. Nor is this state of things confined to the newly settled sections of the country. New Jersey, long settled and thickly populated, is famed for its good roads, yet the Commission in that State report thus: "Miles and miles of our country roads are still in a deplorable condition and the hauling of farm produce over these roads is a costly undertaking." And again in the Delaware report we read: "Transport facilities include all that is necessary to take the products of the farm to the door of the consumer. This begins with the haul from the farm to the railway or wharf, and, therefore, includes the necessity of good roads. The States need the assistance of the Federal Government, and a liberal appropriation of Federal funds would afford the needed encouragement to the much more general building of permanent roads."

It may be noted here that the demand for better roads is based, not on economic grounds alone, but also, and even more often, on the ground that good roads contribute more than any other single factor to the amenities of country life. Bad roads impede social and educational development by making it difficult or even impossible for the members of scattered communities to meet together for the discussion of matters which affect the common interest and call for common action.

Turning now to the question of organising the existing selling methods we find the reports practically unanimous in recommending the form-

ation of co-operative selling agencies, but unanimous also in failing to indicate what steps should be taken for their formation or what type it would be advisable to establish. The Commissioners as a rule are inclined to suggest tentative measures only in the direction of co-operative enterprise, recognising that much may still be done by improving, and to some extent regulating, existing selling methods rather than by attempting to abrogate them in their entirely as many enthusiastic co-operators propose. Thus the Minnesota Commission writes as follows: "The policy with regard to forming new organizations should be extremely conservative. For the present, the principal work should be investigational and educational rather than propagandist." Several of the Commissions refer to the need for special legislation to facilitate the establishment and regulation of co-operative societies, and the lack of appropriate legislation has undoubtedly hampered the development of agricultural co-operation in America to some extent.

The Commissioners in New Jersey without committing themselves to the recommendation of any particular type of farmers' organisation are of opinion that great economies might be effected in the cost of distributing farm products if the different parties interested in the problem acted in common. This is a very different proposal from the one usually made, namely, that the farmers should form themselves into associations from which middlemen and merchants would be rigidly excluded. The New Jersey Commission recommend that producers, public carriers, commission dealers and merchants should meet together and discuss plans for promoting the interests of their community. "Neglect of community interests", they add, "is certain to react unfavourably on the individual producer;" and they point out two directions in which common action is calculated to yield beneficial results, --- in establishing public markets and in promoting the formation of consumers' leagues in towns. With reference to the latter movement they say: "Much has already been done in Europe in the organisation of consumers' leagues which secure their commodities from the individual producer or from societies of producers. The possibilities in this direction are well illustrated by an organisation of factory employees in the city of Passaic, N. J. This organisation has been buying co-operatively for a number of years directly from producers, among them the Monmouth County Farmers' Exchange, whose office is located at Freehold."

Upon the whole, the reports show that the American farmer is somewhat diffident of schemes for co-operative production and sale, and that he looks rather to Federal and State institutions to furnish him with information which will enable him to make more intelligent use of the ordinary commercial facilities for the transport and sale of his products.

§ 3. INCREASED CREDIT FACILITIES.

Many of the reports, before discussing the question of providing increased credit facilities, refer to the difficulties which sometimes arise with reference to a holder's title to the land he occupies. The matter is of considerable importance in two ways. In the first place any doubt as to the legality of the titles to land in a particular section of the country is apt to prejudice bankers and the investing public against that section; and in the second place, since the cost of proving a clear title must be added on to the cost of any loan raised on the land itself, it is to the interest of the farmers that the system of land registration be as simple and inexpensive as possible.

Here again it is to be observed that the difficulty is not one which is peculiar only to the more recently settled States. It is referred to in the reports from Oklahoma, Idaho and Oregon, but also in those from Connecticut and Georgia.

The Oklahoma Commission says: "Until a short time ago the restrictions on Indian lands made it difficult for a white man to get a clear title to a farm. Even now so many complications have arisen over transfers of titles that it is often an expensive matter to prove a clear title." In the Oregon report, we read: "Steps should be taken to secure compulsory uniformity of land registration and State guaranty of titles. Some system upon the Torrens plan of land registration is necessary to cheapen the transfer of property and secure simplicity and safety in pledging land as a security for credit." In Idaho the difficulty arises in connection with settlers under the so-called "Carey Act," who have to fulfil certain conditions as to residence before they are granted a definite title to their land. Until all the conditions as to residence are fulfilled these settlers are unable to borrow anything on the security of their holdings. The Commission says: "Some means must be devised whereby settlers on Carey Act projects may receive early title to their lands, so that they may be enabled to give some security for borrowed capital, which they must have in order to develop their property and make payments on their water rights." The Connecticut Commission, speaking of the proposal to create a land mortgage institute of the Landschaft type, says: "If this were to be done, a simplification of our methods of land registration and the adoption of something like the Torrens system would be needful and there would be need of further simplification of our customary foreclosure proceedings."

Turning now to the evidence as to the need for furnishing special credit facilities for agriculture we find, as has been found in the course of every enquiry made in the United States, that the financial position of the farmers as a class varies widely from one district to another. While on the one hand, in North Carolina, the average farmer "either has no credit at all or is compelled to use such form of high priced credit as he can obtain from

the merchant," and in New Mexico, "the average rate of interest paid by the farmer on short time loans exceeds 12 per cent. and he has great difficulty in getting money sufficient for his needs;" on the other hand in the older rural districts of Wisconsin, "money for development purposes is cheaper than it is in the cities", and in Minnesota, "there seems to be no discrimination against farmers and in favour of local merchants in the matter of interest rates on short time loans."

In Arizona the Commission reports that, "It is usual almost everywhere for commercial agencies to take advantage of the needs of the farmers and either force him to sell his products at a disadvantage or to borrow money at excessive rates of interest, or under conditions fraught with peril to himself." The Texas Commission finds that, "The State needs improvement in the credit and financial facilities now at the command of the farmer;" and the Utah Commission that, "The State needs a quicker and cheaper supply of money for farm loans."

The evidence from Connecticut is to the effect that the facilities of the farmer for long term credit in that State may be considered "fairly adequate", except that the gradual extinction of the loans by amortization payments is practically unknown.

Naturally, the recommendations of the different State Commissions as to what steps should be taken in the matter of providing additional credit for agriculture, also vary widely. Some of the Commissions declare unhesitatingly in favour of the establishment of some form of co-operative credit institute, — mortgage banks with bond issuing powers for the provision of long term credit for land purchase and permanent improvements, and co-operative credit unions for the provision of agricultural credit as distinguished from land mortgage credit. Others seem to be of opinion that upon the whole the business of providing credit can safely be left to ordinary banks and private companies (e. g., life insurance companies) which have large sums to invest. As a rule the Commissions which consider that additional facilities are required make no suggestion as to type of credit institute which it is desirable to encourage in order that such facilities may be provided.

It is interesting to note that the plea for greater facilities for obtaining long term loans upon favourable terms of repayment is usually made in the interests of the tenant class. Thus in the Minnesota report, we read: "In the discussion of this subject we believe that the tenant farmer has not received sufficient attention. The inefficient renter, who shifts from one locality to another, perhaps deserves to be left out of account. We believe, however, that under the present conditions of high land values, it is difficult for the industrious and efficient tenant to acquire ownership of land, and that a system of long time loans with an amortization feature would be a distinct benefit to such renters." The Mississippi Commission is in favour of establishing some form of land mortgage institute with power to issue bonds on the ground that this system "would furnish investments for those who are now absentee landlords and allow the purchase of their land by the tenants."

The Washington Commission favours the creation of a mortgage credit institute on the lines of the German *Landschaft*. The West Virginia Commission, on the other hand, believes that in any endeavour to improve credit conditions attention should first be concentrated upon banks, trust companies, building and loan associations and other established financial organisations. The single Commissioner who reports on the needs of Oklahoma says: "Much is said about credit systems and about high rates of interest charged to farmers. In my opinion this matter will adjust itself when farmers farm in such a manner as to accumulate a surplus sufficient to improve and stock their farms. Interest rates are subject to an economic law of supply and demand, and when the security which the farmer gives the banker is improved rates of interest will fall. I do not believe this matter merits any special attention." In Kentucky the Commission does not think that European systems of land mortgage credit could be successfully introduced into the United States where there is a shifting population, and where, in addition, the strongly individualistic temperament of the average farmer would prove a serious obstacle to their smooth working. In Connecticut, as we have already noted, the existing facilities for long term credit are considered fairly adequate.

With reference to the provision of short term or personal credit to enable the farmer to meet the annually recurring need of his business there is a like diversity of opinion in the reports of the Commissions. The Georgia Commissioners say: "We believe that short term, cheap, safe and elastic credit can be secured by our farmers by the organising of rural communities into co-operative credit unions", and the Iowa Commission is in favour of the introduction of co-operative unions of the Raffeisen type. But the Connecticut Commissioners say: "It seems to your Committee that the credit facilities of Connecticut are already of such a character that a wise extension of their use would go far towards meeting the needs of the people; and that it is doubtful whether credit unions of the Raffeisen type would find congenial soil among our farming population, especially if these unions were characterized, as is usual, by the unlimited liability of the members." The Oklahoma Commission is more emphatic in its opinion, and says in its report: "Easy and cheap credit seems to be the panacea generally recommended for all agricultural troubles. It is true that the condition of the peasants in a number of European countries has been improved by the personal credit system, but their whole foundation of agricultural conditions differs so absolutely from what we have here in Oklahoma that the adoption of such a system by us is, so far, out of the question."

It is a fact worth noting that throughout the reports it is never suggested that the duty of financing agriculture is one which devolves upon the State. The Commissions, as we have already seen, do not hesitate to recommend that public money should be devoted on a generous scale to agricultural schools and colleges and to all the various agencies for the improvement of technical agriculture. They are in favour of State aid for the improvement of country roads for the provision of schools in rural districts, and, in a word, for the support of any scheme of obvious public utility.

material or moral. But they do not propose that the State should provide the additional capital which American farmers need for the better organisation of their business.

§ 4. IMPROVED SOCIAL CONDITIONS.

It is admittedly impossible to separate entirely the question of the improvement of social conditions in the rural districts from that of the improvement of the economic position of the farming class. But neither is it true that social conditions are determined solely by economic conditions, and it is at least convenient, and at the same time adds something to clearness, to examine the former under a separate head.

A number of causes have combined to make life in the small villages and in the open country somewhat hard and dreary. This is true even of rural life in New England and in other long settled regions where towns are comparatively numerous and the means of communication are relatively good ; but it is true especially of the life in the farming districts of the Central and Western States where the distances to be travelled for purposes of business or pleasure are great and communication is made more difficult by the absence of good roads, where very few of the comforts and amenities of life are to be enjoyed, where there is but little social interest and the community spirit is practically non-existent. Under such conditions it is not to be wondered at that the young people find life in the country irksome or that the older people move into the towns as soon as their means will permit them to give up working on the land.

The Commissions are practically unanimous in recognising the fact that life in the country leaves much to be desired. They urge, in the first place, the need for better educational facilities ; in the second place, the need for increased opportunities for recreation and amusement. The New Jersey Commission writes thus : " By establishing agricultural courses in our public schools, by providing better trained teachers, by reorganising social activities we shall lay the foundation for systems of education dealing directly with the individual and directly with problems that need solution." The Illinois Commission writes to the same effect : " Better school conditions demand the attention of the State and we suggest the necessity for a new State law providing for the modernisation of country schools and the introduction of vocational courses of instruction."

It is a very common complaint of the farmers that the teachers in country schools are not only, in general, poorly trained for their work, but are, moreover, usually out of sympathy with rural life. This is undoubtedly true, in spite of the fact that there are numerous notable exceptions and the reasons are not far to seek. Country schools as a rule are small, ill-equipped and badly supported financially. School governors, having appointed a teacher — in the majority of cases, it must be noted, for the period of perhaps six months during which the school will be open and for

no longer — too often take no further interest in the fate of either school or teacher. Naturally, under these conditions, very few really able men or women can be attracted into the service of rural schools.

The matter is a serious one and the demand for better schools is every day becoming more insistent. There is a very pressing need for additional training colleges for teachers in rural schools, and there is a movement on foot (at present unfortunately not very widespread) to consolidate a number of small rural schools into one efficient, well-equipped district school. It is rapidly being recognised, too, that a well organised school has a very wide field of usefulness open to its activities and is capable of serving as a social and educational centre for the whole community. The schoolmaster in a rural neighbourhood is in one sense in a privileged position. He can initiate schemes for the better organisation of the economic or social life of the community without running the risk of being accused of having interests of his own to serve, and he may fairly expect to be supported by everyone who has the well-being of the community at heart.

For this reason, among many others, the awakening of public interest in rural education may fairly be regarded as a fact of profound importance, full of promise for the future of rural America.

RUSSIA.

HOME COLONISATION IN SIBERIA (1) IN 1913

§ 1. GENERAL PROGRESS OF STATE DIRECTED COLONISATION.

The readers of our Bulletin already know (2) that the colonisation of the immense desert tracts of Russia beyond the Ural Mountains was one of the chief features of the extensive programme of agricultural reform initiated in 1906 by the Ministry presided over by the late P. A. Stolypin. The suppression of the former system of collective ownership on the part of the "mir" and the purchase of land through the medium of the Peasants' Bank not sufficing, in spite of improved methods of farming, to satisfy the demand for land among a population that in the natural course increases so rapidly as the Russian, it became absolutely necessary to settle the super-abundant peasants who had no land in districts outside of European Russia. It was principally with this view the systematic colonisation of Russia in Asia was organized by the State.

The measures taken by the Government to encourage and promote this colonisation belong to two different systems. On the one hand, the "General Colonisation Department" (Переселенческое Управление), founded for the purpose at Petrograd, undertook to explore, classify, settle the boundaries of and "prepare" the land suitable for colonisation on scientific lines. On the other, a whole series of special facilitations were accorded by Decree to all settlers in the Transural regions.

Of course these two systems were to work simultaneously and complete each other. The organisation of the holdings was to correspond with the number of emigrants, to none of whom was to be assigned land that was not sufficiently prepared in regard to the fixing of the legal boundaries, irrigation, clearing, roads and the principal requirements of ordinary life. But, actually, things took quite a different course.

A succession of bad harvests, the agrarian disorders of 1906 and 1907 in European Russia, the excessive facilitations granted at the first to emi-

(1) Including the "Region of the Steppes" and some parts of Turkestan.

(2) See article "General Outline of the New Russian Land Reforms" in the numbers of this Bulletin for November, 1913 and January, 1914.

grants, and other circumstances it would take too long to enumerate here, gave an absolutely unexpected incentive to emigration to Siberia. From 46,000 and 44,000 in 1904 and 1905, the number of emigrants increased to 217,000 in the first year in which the land reform came into force (1906), and by a bound reached in the next year 577,000 and at last attained the enormous figures of 759,000 and 707,000 persons.

With so extraordinary and unexpected an invasion, the General Colonisation Department of course found itself quite unable to cope. In spite of a very considerable increase of its funds, and the admirable energy exhibited by all its numerous staff, it was soon quite materially impossible for it to prepare the number of holdings indispensable for the ever rising flood of emigrants.

The Government had to take energetic measures to check the influx of colonists, thousands of whom, indeed, who had started without reflection, and without any of the qualities required for a good colonist, already discouraged, asked to be sent home. The facilitations, too liberally granted to the emigrants in the earlier years, were reduced; a more severe examination of the colonists applying instituted and, other circumstances being favourable, finally the invasion could be checked. In 1910 the total number of emigrants to Siberia decreased to 310,000 and the next year it did not exceed 226,000. The General Colonisation Department could breathe a little, and the natural proportion between the land prepared and the number of colonists provided with lots for cultivation could be re-established.

In 1912 there was again a slight increase in the immigration to Siberia, the number of new comers amounting to 259,000, but the Colonisation Department is now master of the situation and the land prepared is sufficient not only for the requirements of the new comers, but also for the provision of large reserves to meet future demands.

In 1913, for which the first statistical summaries have just appeared, the increase of immigration was further marked and to a considerable degree. The total number of new comers was 327,500. But as we shall see, the preparation of the holdings for immediate colonisation has increased in even larger proportion and the Government is in a position not only to reduce some of the credits granted for the purpose, but also to use the savings for the extension of its work of organization preparatory to colonisation to new districts, not yet included in the colonisation areas.

It was time this last result was reached. In fact, the land traversed by the great lines of communication, railways, roads or rivers, is already overstocked with colonies. To render possible a further influx of immigrants, and direct their course towards those regions it is most important to secure for European colonisation for purposes of commerce or industry or the security of the frontiers of the Empire, it is first of all necessary to open up these countries by means of new lines of communication. This is the most urgent problem the future calls for the settlement of, so that there may be a further extension of colonisation in the regions still unoccupied.

But let us leave the future and return to the work done in 1913.

§ 2. LEGISLATION AND REGULATION OF COLONISATION.

The gradual and continual increase of economic activity in the regions of comparatively old colonisation has given rise in these regions to a whole series of new problems, the solution of which has necessitated considerable legislative action on the part of the Government authorities. The rights of ownership, lease or usufruct, granted often too hastily to the colonists on their first establishment, had to be reconsidered and at last no longer given. Special measures have had to be taken to encourage the formation of large and medium sized holdings. The progress of livestock improvement rendered the regulation of pasture land and steppes necessary. Hamlets and towns, commercial or industrial enterprises have arisen where formerly there were only "tundras", and here also it was necessary to legislate and regulate. Land formerly unproductive has been gained for agriculture by means of remarkably expensive irrigation works, such as the construction of the Galitzin and Woronzoff canals in the Muchansk steppe (1) and the great Romanoff canal, not yet completed, in the "Hunger Steppe" (2). It was necessary to regulate the colonisation of this land so as to ensure that its cultivation should be in proportion to the high price of the land thus conquered from nature. Everywhere, finally, from one end to the other of the immense territory, the most various measures must be taken with a view to the improvement of the general conditions of life of the colonists.

Among the legislative and administrative acts of every kind to which the solution of these various problems gave rise in the year 1913, let us mention quite specially those relative to the following matters:

Extension to any Russian subject of the rights and privileges of emigrants in the Transural provinces, up to the present reserved to certain social classes only.

Opening to colonisation of large areas in the "Hunger Steppe" (Province of Samarkand), along the sections of the Romanoff Canal already finished. Opening to colonisation of a large part of the Imperial domains in the district of Nerchinsk.

Grant of full ownership to the colonists established there as simple tenants of numerous areas of Crown Land in the provinces of Amur and along the shores of the Pacific Ocean.

Preliminary measures for a general readjustment of the holdings belonging to the Cossacks of Semiryetchensk so as to liberate for colonisation large areas of cultivable ground.

(1) See the article, "Home Colonisation in the Caucasus from 1908 to 1912", in the number of this Bulletin for October last.

(2) In the province of Samarkand.

- Grant of various facilitations for the encouragement of the establishment of commercial and industrial undertakings in towns and rural centres.
- General regulation of leases and pasture land.
- New conditions in regard to credits granted to immigrants on their first establishment.
- Transfer of 1,000,000 roubles to the "Alexander III Fund" for the satisfaction of the religious requirements of the colonists.
- Various measures for combating the use of opium in the provinces of the Amur and the Pacific coast etc.

§ 3. DELIMITATION AND GENERAL READJUSTMENT OF COLONISATION AREAS.

If from the domain of legislative and administrative measures we pass to that of the material work executed in the course of 1913 on the initiative of the General Colonisation Department, it is incontestably the preparation of the land that first deserves our attention. Let us distinguish here between the scientific delimitation with the object of establishing the rights of ownership, the general preparation with that of rendering the soil fit for cultivation and the special measures intended to render the land made fit for cultivation habitable by the colonists.

The final operation of the scientific delimitation, or the division of the land already prepared in other respects into individual holdings, with the help of surveying and the marking off of boundaries, was carried out over a total area of 2,300,000 deciatines (2,320,000 ha.) (1). Remarkable as it was for its cheapness — the total cost did not exceed 1,000,000 roubles — this considerable work was still more remarkable as regards the area of the holdings which were surveyed and for which the boundaries were fixed in a single year. The rapid progress of the work is indeed one of the most characteristic features of the surveying carried out in Transsular Russia. To arrive at a precise idea of it, it will be enough to point out that in the course of the last three years alone (1911, 1912 and 1913), the total area surveyed and marked off under the direction of the General Colonisation Department attained the considerable size of 6,000,000 deciatines, equal to the united area of Belgium and Holland.

As regards the first delimitation of the still unoccupied land, it was already possible in 1912 to reduce the amount of this land, with the help of the reserves available from previous years, by nearly 50 % of the area it had in 1911, or from 3,000,000 to 1,600,000 deciatines. In 1913, this course could be continued and the reduction of the amount of work of this kind still to be done intensified. The original delimitation of uncultivated land was restricted to an area of 1,107,000 deciatives; 684,000 deciatines were intended for collective colonisation and the other 423,000 deciatines for individual colonisation.

(1) 1 deciatine = 1.09 ha.

The saving realised by these important reductions of the the work of preparation in the regions of future colonisation of especially agricultural character have permitted the attempt, made for the first time in 1913, of preparing colonies intended especially for forestry industry in the celebrated "taiga" of Siberia. In accordance with the general rule of only undertaking specially expensive works of preparation in important districts or with a view to the security of the frontiers or in consideration of mineral or other exceptional resources, for the attempt in question an area of 10,000 deciatines of the "taiga" of Mariinsk in the province of Tomsk has been taken. It was necessary to construct more than 140 versts of roads only to make this remote region accessible, where twenty five forest colonies have been delimited, their boundaries fixed and the colonies organized in advance.

Among the other delimitation undertakings of the surveyors of the General Colonisation Department, let us mention the division and marking off of 80,000 hectares of lots for individual colonisation in districts not yet occupied in the older colonisation areas, the delimitation, surveying and marking off of 340,000 deciatines already occupied by immigrants from the European provinces, the organization in advance of 778,000 deciatines to be assigned to Kirghiz nomads who desire to settle as farmers, that of 1,108,000 deciatines of various holdings, finally, intended to serve as colonisation reserves (the greater part) or, for the establishment of special commercial or industrial undertakings in places most suitable for such enterprise.

To the above measures must also be added those taken by the General Colonisation Department with a view to the readjustment of the holdings belonging to the "local population", that is to say to Russians established in the country before State colonisation was begun or to native inhabitants of the various races and nationalities that occupy these immense regions. These measures, up to the present consisting only in a series of preparatory operations in view of a definite readjustment to be carried out gradually, affect a total area of 4,500,000 ha. and cost in 1913 alone altogether more than 1,000,000 roubles.

§ 4. MEASURES FOR THE FACILITATION OF THE CULTIVATION OF THE LAND.

With the object of facilitating the cultivation of the colonisation areas, the General Department has taken steps with a view, in the first place, to rendering the holdings easily accessible, and, in the second, to draining or irrigating, according to circumstances, and finally deforesting the land, when the colonists could not do it by their own efforts.

The special credit annually granted for the construction and maintenance of roads in the various regions of colonisation increased from year to year; in 1913 it had become 4,500,000 roubles. With this large amount it

was possible to construct 2,172 versts (1) of wagon roads, and complete 2,913 versts, the construction of which had been commenced in previous years, to plan and begin the construction of 4,900 new versts and finally to repair and keep in order 8,328 versts previously constructed. This credit served also for the maintenance of communication by river between certain colonies of West Siberia, for navigation between other colonies on the Pacific coast, and finally for the organization of regular goods traffic by motor car in the Kulundin steppe.

The hydraulic engineering work carried out under the instructions of the General Colonisation Department cost 2,000,000 roubles in 1913. It included chiefly the study of about 5,000,000 deciatines colonised or to be colonised, from the point of view of the water supply, the sinking of 2,116 wells in various colonies and the construction of 24 reservoirs for irrigation purposes, and finally in the establishment of a large system of canals for drainage or irrigation of areas to be colonised.

Let us here observe that the work of road construction as well as of irrigation, carried out at the suggestion of the General Colonisation Department, represents comparatively only a very small portion of the work of this class carried out in the colonisation areas. The principal part is taken by the State, in so far as the great lines of communication are concerned, and the Land Improvement Department, as regards hydraulic engineering work of general interest, and to the Colonisation Department is left only the essentially local work, exclusively intended to meet the requirements of the areas under its control.

The special credit for deforestation and extirpation of plants in the agricultural colonies in the "taiga" region only dates from the year 1912. In the year with which we are concerned it was used for the clearing of larger areas at an average rate of 143 roubles per deciatine. Work of this nature has been for the most part (58 %) done by the population itself, under the guidance of the employees of the General Colonisation Department. It is only in colonies, where the population is not yet sufficient, that it has been altogether carried out by workmen employed by the General Department and at its expense (42 % of the areas cleared). To hasten and facilitate the deforestation of the agricultural colonies of the "taiga" districts in the provinces of the Amur and the Pacific coast, the General Department in 1913 established three large sawmills in those districts. A large workshop for manufacture of forestry produce generally has also been established in the Province of Irkutsk.

§ 5. MEASURES FOR THE WELFARE OF THE COLONISTS.

Among the measures for the advancement of the material, moral and intellectual welfare of the colonists, we must in the first place mention those

(1) The Russian verst is equal to 1.067 km.

the object of which is the organization of a sufficient and regular sanitary service in the colonisation areas.

The special credit granted for this purpose increases annually in very notable proportion. In 1913, for example, it amounted to 4,732,000 roubles, exceeding the amount for 1912 by 287,000 roubles. The chief lines along which colonisation penetrates being now provided with a comparatively satisfactory sanitary service, attempt is being made to extend the same to regions more remote from these lines. Thus, it is exclusively in remote regions that the 20 new medical stations instituted in 1913 have been established. With these included, the medical service for the whole colonisation area of Siberia on January 1st., 1914, consisted of 140 doctors and 630 health officers at 445 medical stations.

Further to encourage and facilitate the recruiting of this staff, which is now a very difficult matter, a law of June 28th., 1912, instituted special bursaries to enable young Siberians, or, in default of them, young people of any part of the Empire, to attend the university courses or other schools of medicine free of charge, on condition, of course, of serving a certain time in Siberia, after they have obtained their diplomas. The total amount of these bursaries in 1913 came to 12,600 roubles.

With the object of facilitating as far as possible the establishment of the colonists, always a very expensive matter, above all in countries so remote and so destitute of good means of communication, a whole system of loans for initial establishment on exceptionally favourable conditions has been instituted. In 1913 loans of this kind had been granted to 33,485 families, 62 % of all those that had crossed the Urals in the period in question. The total amount of these 33,485 loans was 4,260,801 roubles, giving an average of a little more than 127 roubles per loan. If to the above amount we add that of the loans granted in a similar way to the colonists who had arrived in the country before the commencement of the year, we obtain a general total for all loans for initial establishment in 1913, of 7,768,670 roubles or about 20,000,000 francs.

In addition to the measures we have spoken of, the General Colonisation Department assigns, either under the form of loans on favourable terms or under that mainly of subsidies properly so called, considerable sums for the foundation and maintenance of institutions for the satisfaction of the moral and intellectual requirements of the colonists. The total amount of these sums has increased year by year: being 613,965 roubles in 1909, 879,935 roubles in 1910, 899,020 roubles in 1911, 1,888,370 roubles in 1912, and 2,574,581 roubles in 1913.

Most of this money is generally spent on the construction and maintenance of churches and schools. In 1913, for example, the General Colonisation Department assigned for the purpose 1,344,638, roubles which, however, was only about 61 % of the total amount spent in the year on Churches and Schools. The rest was supplied by contributions made for the same end by the Holy Synod, amounting to 354,700 roubles, the Department of Public Education, amounting to 411,278 roubles, the local administrations, amounting to 72,700 and, finally, various institutions of public utility and

many private individuals, coming altogether to 16,322 roubles. However, no account is taken in this list of the amounts granted in 1913 by the Holy Synod for the special object of the maintenance of the clergy and servants of 125 parish churches and chapels built in Siberia in 1912.

With these abundant subventions from public and private sources it was possible to build in the whole of Transural Russia, in the year with which we are concerned alone, 169 churches, 67 large and 159 small chapels, 83 elementary schools dependent on the clergy and conducted by them, and, finally, 510 public schools dependent on the Department of Public Education.

§ 6. VARIOUS MEASURES FOR THE EXTENSION OF COLONISATION.

In 1913 the development of agriculture properly so called was assisted by the grant of subsidies of a total amount of 246,348 roubles. These subsidies were given either for the establishment of model farms, or for the encouragement of the introduction of new crops or improved methods of farming.

Desiring to encourage the tendency, which has become marked from year to year, of the older colonists to pass voluntarily from the system of collective property held by the "mir" to that of individual ownership and to facilitate the work of readjustment necessitated by the change, the General Colonisation Department placed at the free disposal of the colonists a whole staff of surveyors and experts instructed either simply to direct and supervise the work done by the peasants themselves, or, at their request, to carry it out for them at the expense of the State. The expenditure in this connection amounted in 1913 to 983,645 roubles.

By way of a preliminary study of the regions not yet included in the colonisation areas, fifteen scientific expeditions in 1913 explored a total area of 25,000,000 deciatines (27,500,000 ha. or nearly as much as the entire area of Italy), ascertaining that about one fifth of the area thus studied was adapted for profitable agricultural colonisation.

One of the most effective measures taken by the General Colonisation Department, with a view to the encouragement of the extension of modern methods of farming among the colonists, was the institution, in all the most important centres of the colonisation areas, of government storehouses for the provision of the local population with agricultural machinery and implements at low prices, as well as with chemical manure, tested seed, and other farm requisites of the first necessity. On January 1st., 1913, the total number of the storehouses of this kind was 253. During the year it increased to 277. And the work of the official storehouses was further completed by an agreement entered into between the General Colonisation Department and the various local credit societies, in accordance with which the latter undertook to do the work of the official agricultural machinery and produce storehouses in all places where there were none of these latter.

The total amount purchased by the local population from these storehouses in 1913, 7,500,000 roubles, was less than in the preceding year, but this purely accidental decrease was due primarily to the bad harvest of hay in 1913. This is seen from the fact that the decrease was only in the purchase of mowing machines, whilst in the case of all other machines, as well as in that of seeds and chemical manure, there was, on the contrary, a considerable increase both in the quantity purchased and the amount. Let us also observe that the carefully organized competition of the Local Credit Societies has necessarily had a certain effect on the business of the official Storichouses (1).

Let us finally say that in 1913 the sphere of action of the agricultural storehouses of the General Colonisation Department was considerably extended by their being entrusted with the work of constructing and administering the elevators, the institution of which in various places in the province of Tobolsk and the territory of Turgaisk was decreed, the expenses to be paid out of the special State fund.

Among the other measures adopted by the General Colonisation Department for the welfare of the colonists, one of the most beneficent was the institution in the provinces of the Amur and the Pacific coast, where private commerce has as yet made very little progress, of a certain number of warehouses for the provision of the population of those remote regions with the articles of greatest importance for their every day life. Placed, at the beginning of 1910 under the management and supervision of the State Agricultural Storehouses Department, these warehouses have rendered invaluable services, while their business from a commercial point of view has been excellent. In 1913 there were 43 of them and the total amount of their sales came to nearly 1,000,000 roubles or 140,000 roubles more than in the year before, although there was no increase in the number of warehouses in 1913.

That year was also characterised by a most remarkable increase in the forestry warehouses established by the General Colonisation Department in the most thickly wooded districts of Siberia. This was due to the annually increasing demand of the colonists in the steppes for wood for building purposes, as in the steppes there is no wood at all. In 1912 the total amount of the various kinds of produce sold by the forestry warehouses was 532,000 roubles, giving a net profit of 59,000 roubles. In 1913 the amount of the sales increased to 1,113,000 roubles and that of the net profit to 150,000 roubles.

Let us observe that this increased activity in the exploitation of forests has largely benefited the colonists in the neighbourhood of the warehouses. Those of the forest district of Tarsk, to give only one example, gained as labourers in the service of the warehouses 144,000 roubles altogether, or 49,000 roubles more than in the preceding year.

(1) The statistics at our disposal, unfortunately, give no information in regard to the business done by the credit societies in this department.

At the beginning of 1913, the forestry warehouses of Siberia had only one machine sawmill, at Omsk. In the course of the year a second was completed at Akmolinsk. It was already working in the last four months of the period. A third sawmill, also in the Akmolinsk district, was nearly completed. Finally, in the Government of Irkutsk the building of a large workshop has been commenced. It will serve for the most various branches of wood manufacture. It is to be foreseen that these buildings, all due to the initiative of the General Colonisation Department, will contribute to the further increase of the utilisation of the inexhaustible wealth of the Siberian forests.

Partly to make up for the total lack of building material in some regions and partly to encourage the colonists in the use of building material of a less inflammable nature than wood, the General Department founded three large tile works in Siberia between 1910 and 1912. In 1913 it built two more, both capable of producing 600,000,000 tiles a year. The effect of these tile works has been considerable, as appears from the fact that in 1913 they sold more than 1,000,000,000 tiles or more than twice the amount sold in the preceding year.

§ 7. STATISTICAL STUDIES AND ADMINISTRATION.

In 1913, as in previous years, the General Department devoted considerable attention to the preparation of detailed statistics of colonisation. In this field quite special attention was given to the distribution of land according to the nature and quality of the soil, the kind of tenure and crops, as statistics of this kind are specially important for the preliminary work of land organisation and readjustment.

In regard to agricultural statistics properly so called, let us mention an important modification in the organization of the collection of the statistics. Abandoning the method hitherto followed of collecting them with the assistance of the local authorities, the General Colonisation Department has decided henceforth to entrust very numerous special correspondents, engaged by it even in the remotest hamlets, with the duty of informing it by means of answers to lists of questions specially drawn up by the Department itself.

In the year with which we are concerned, the General Department succeeded in satisfactorily completing a very extensive statistical study, on the land of the Semiryetchensk Territory and the provinces of Turkestan proper. The practical results of this work were of the greatest importance. Amongst other things it was ascertained that a scientific distribution of these vast areas, while leaving the Kirghiz natives free use of the whole extent of land they can reasonably require for their nomadic life, would still place at the disposal of the State an area of 1,652,000 deciatines (1,670,000 hectares) of cultivable land of the best quality, which would form a very valuable addition to the quantity of land fit for colonisation.

Let us further note that the sphere of action of the general statistical service of the Empire, which up to now did not include Transural Russia, was extended in 1913, by way of trial to the six Siberian provinces of Turgaisk, Akmolinsk, Tobolsk, Yeniseisk, Tomsk and Irkutsk. The results obtained have been most satisfactory and such as encourage the expectation that there will be a further extension of the field of this important service so as to include in it all the provinces of Russia in Asia.

In spite of the constant increase of the activity of the General Colonisation Department it has been able to keep the expenditure for its internal administration remarkably low. Compared with that of the previous year, the expenditure for 1913 showed only an increase of 35,000 roubles. And this increase even was entirely due to two undertakings of a strictly occasional and extraordinary nature: one, the building at a cost of 15,000 roubles of an office for the local Colonisation Department in the Amur Province, and the other a contribution of 20,000 roubles, towards the completion and printing of the splendid "Atlas of Russia in Asia", published in 1914, under the auspices of the General Department.

The space at our disposal does not allow of our giving details of the expenditure on the work of the General Department that is to say on colonisation itself. Let us confine ourselves to the statement that in 1913 it reached the total amount of 27,284,323 roubles (72,285,000 frs.), or 1,022,705 roubles more than in the preceding year.

§ 8. IMMIGRATION TO TRANSURAL RUSSIA IN 1913.

As above said the year 1913 was characterised by a very considerable increase in the total number of immigrants to the various provinces of Transural Russia. From 259,000 in 1912, the total registered at the two central stations of Cheliabinsk and Sysrinsk increased in 1913 to 327,430, that is by 26.25 %.

This increase is largely due to a renewal of the movement in the direction of emigration to Siberia among the inhabitants of the Agricultural provinces of Southern European Russia, while the emigration from these provinces had been considerably reduced, owing to the bad harvest of 1911 in the westernmost provinces of Transural Russia. In fact the largest contingents of emigrants to Siberia were furnished by the following provinces of European Russia: Kherson (17,700 persons), Yekaterinoslav (16,700), Poltava (12,800), Taurida (10,800), Vyatka (10,700), Tambov (10,500), Voronesh (10,300) and Kharkov (10,000). This large contribution of the provinces of the South of the Empire meant an exceptionally large number of colonists for the steppe region of Russia in Asia in 1913, as the natural characteristics of that region present resemblances with the southern provinces of European Russia which render it particularly adapted for colonisation by their inhabitants.

The districts which, after the Steppe region, attracted the largest number of emigrants in 1913, were the provinces of Tobolsk and of the

Amur. One of the principal reasons for the preference for these provinces was doubtless the construction in the first of the Qmsk railway, and, in the second, of the important Amur railway, both of which undertakings will be of the greatest service for the economic development of the countries through which they pass, while the construction of the railways has itself given employment to thousands of immigrants.

One of the characteristic features of the immigration of the year 1913 was the very considerable decrease in the number of "independent" immigrants, those colonists, that is to say, who come to Siberia on their own initiative, with no plan for their establishment made in advance, without profiting by the facilities accorded by the Government to the regular colonists and, most frequently, without sufficient funds. The colonists of this class, the influx of whom into regions, in which the lack of unoccupied land is beginning to make itself felt, greatly hinders systematic colonisation on the part of the State, and who often can find neither land to cultivate nor employment, formed in 1912 45.3 % of the total number of immigrants. In 1913, however, the proportion decreased to 35 %.

The number of those who, being discouraged, for one reason or another renounced the colonisation of Asia to return to Russia in Europe, has also considerably diminished. In 1912 they were still 34,783; in 1913, on the other hand, there were in all only 22,743 registered.

Let us further add that in the figures given above no account is taken of about 35,000 "temporary" emigrants, for the most part agricultural, who, profiting by the tariff and other facilities granted to immigrant colonists and extended by the Government to seasonal labourers, emigrate to various provinces of Transural Russia, either to seek employment at harvest time or in the various works of road or railway construction.

Before going further, let us give an idea of the general principles laid down to ensure the regular development of the colonisation of the Transural Provinces and above all of the recruiting of colonists on systematic lines. On the one hand, attempt has been made as far as possible to reduce the possibilities of disappointment of the colonists owing to their starting with illusions in regard to the conditions of life in Siberia, or without sufficient money or the qualities required for success in their new life in these distant regions. On the other hand, an attempt has been made to give the General Department founded for the purposes the means of directing, regulating and systemising the colonisation. To attain these two ends the following systems have been established, accurate conformity with which will alone give intending colonists a right to all the facilities granted by the Government to the emigrants.

When families or groups of independent persons desire to establish themselves in Siberia, they elect from among their members a "chodok" (delegate messenger, from the Russian verb *choditj*, to go, to betake oneself some where), whose first care is to obtain all the personal and economic information required in regard to his electors in accordance with the instructions contained in a *Vademecum*, abundant copies of which are annually issued by the General Colonisation Department. When this is

done, the "chodok" puts himself in relation with the local authorities of his place of residence, who instruct and advise him in every way that may be profitable for him. They also furnish him with a special passport for a journey under conditions of exceptional favour to the place agreed upon for the projected settlement in Siberia (1). Arrived at his destination, the chodok studies the local conditions quite at his ease, passing if need be from one place to another, always assisted by the local agents of the General Colonisation Department, until he finds what suits him. Then, he secures, in agreement with the local authorities, the number of individual colonisation lots he requires (2), after which he is free, either to return to Europe to seek his electors, or more simply to send them the note of the lots selected, with which, they, in their turn, may undertake the long journey under the favourable conditions above mentioned. The engagement of the lots by the chodok is valid for a year or two, which enables the future colonists tranquilly to settle their affairs in the old country without any hurry, before starting for their new home.

Naturally, no one is obliged to follow the above course. Many peasants who have already friends or acquaintances in Siberia get them to secure lots for them and go at once to the spot (3). And we have seen above that the number of absolutely independent immigrants who come at their own risk with no plan settled in advance and insufficient preparation is still considerable. But of course the Government, very justly desiring to limit as far as possible this last class of irregular immigrants it finds very em-

(1) To give the reader an idea of the really exceptionally cheap conditions granted to the "chodoks" and the emigrants to Siberia, according to the rules laid down for official colonisation, we give below, by way of example, the railway rates from the town of Minsk to various places in Siberia.

Place of Destination	Distance in Versts	Price of Ticket in Roubles	Charge for Extra Luggage per poud (16 $\frac{1}{2}$ kg)
Cheliabinsk	2,605	4.05	0.26
Omsk	3,351	4.95	0.34
Krasnoyarsk	4,645	6.85	0.46
Irkutsk	5,653	8.25	0.57
Sryetinsk	6,991	10.15	0.70
Vladivostok	8,497	13.47	0.85
Chabarowsk	9,015	14.17	0.90

Let us add that, for the convenience of immigrants, 58 special restaurant cars have been arranged, in which the colonists receive on their journey a warm breakfast for the ridiculously low figure of 4 kopeks (10 $\frac{1}{2}$ centimes), although the cost price of this breakfast is really nearly twice as much.

(2) The individual "lot" which varies in size according to the quality of the soil in each place, is the area sufficient for an agricultural labourer to make a living out of. Every family has a right to as many lots as it contains adult male persons capable of working.

(3) They have a right to the same reduced tariff as the colonists who have secured lots through a chodok.

barrassing, only grants its support and its favour to these after it has, in the first place, provided for the welfare of the two other classes, infinitely more useful and more profitable from the point of view of the systematic and scientific colonisation of the country.

In 1913 the total number of individual colonisation lots secured for the future colonists was 258,882 or 12,370 more than in the previous year. These 258,882 lots have been assigned to 78,792 families. Of these families 66 % or a total number of 166,842 men capable of working had had their lots (that is to say so many individual colonisation lots), secured by "chodus", 16 % or 40,012 adults had secured them themselves or through colonists already established, and finally 18 % (46,028) adults were individuals who came to Siberia on chance and at last were able to establish themselves.

The proportion of regular colonists who secure their lots through chodus increases from year to year. In 1911 38.5 % were secured in this way; the next year the number was 54.7 % and as we have just seen, it became 66 % in 1913.

The number of families actually established on the colonisation holdings, either secured in advance or selected after their arrival on the spot, reached in 1913 the total figure of 48,608, and included altogether 137,394 adult men fit for work. Of these 48,608 families, 22,509 containing 66,487 adults, established themselves on lots secured by chodus, 13,007, containing 35,218 men, occupied lots chosen by themselves, and, finally, 13,092, containing 35,689 adults, consisted of independent individuals established on the unoccupied available land.

In regard to the system of establishment of these families, it is interesting to observe that 43,974 of them, or altogether 125,114 adults established themselves in villages and agricultural or other colonies, whilst 4,634 others, containing altogether 12,280 working men, have preferred to settle on land absolutely isolated and independent. This last class is becoming more and more common, although it is still far from being so general as establishment in colonies, which is more agreeable to the habits of the Russian peasant, and nearer to the traditional system of farming in the ancient "mir".

To the colonists of whom we have just spoken, we must add 5,550 families (or 15,503 adult men), who in the course of the year we are considering were received as members of the collective colonies already established in various regions, 371 families settled as lessees on land to be sold, 179 families in the newly irrigated districts of the "Hunger Steppe", and, finally, 2,063 families who have established their homes in the special colonies along the railway lines.

Taking into consideration all these groups, we find that the general total of the number of families established in Transsural Russia, in 1913 alone was 56,771 with about 360,000 members in all.

Finally, the general impression received from the study of the official reports summarised above is that the work of home colonisation in Transsural Russia is constantly progressing, and with regularity and success. To the

unreflecting throng of the early years, the inevitable result of which was, on the one hand, that the General Colonisation Department was necessarily unable to cope with it and on the other the no less necessary disillusion of thousands of colonists, has succeeded a progressive and properly regulated evolution of immigration under the management of the State. The more the disorderly crowd of independent immigrants diminishes — and we have seen that it is diminishing gradually and continuously — and the more the Russian peasant trusts to the advice of the competent authorities, the more he will find in Siberia the conditions he has expected. Without doubt, the final object is far from being attained as yet, but from year to year it becomes more evident that the General Colonisation Department is following the right course and that, in the not very remote future, the rich provinces of Transural Russia will be able to offer a piece of land of his own, to possess which is the dream of every agricultural labourer, to anyone in European Russia who possesses no land.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

ARGENTINA.

MIATELO (HUGO): *EL HOGAR AGRÍCOLA* (*The Rural Household*). "Boletín Mensual del Museo Social Argentino", Nos. 35 and 36. pp. 541-581. Buenos Aires, November and December, 1914.

Amadeo Tomás, editor of the "Boletín Mensual del Museo Social Argentino," has begun an active campaign for the initiation as early as possible in the country of a movement for the education of farmers' wives by means of a special educational establishment. With this object, he recently opened an enquiry and the above essay was written by Señor Miatello, regional agricultural engineer of Mercedes, as his contribution towards the solution of the problem.

The information contained in its pages is exclusively derived from the author's personal observation of rural life in all its aspects in the region of Mercedes. He has limited his interesting study to the farmhouses of the small landowners and tenant farmers, and he gives valuable information in regard to the dwellings, food, labour, hygienic conditions etc., considering especially the position of the women, what it is and what it should be in the rural household and ending with a recognition of the advisability of founding an educational institute to raise the rural and intellectual level of women so that they may be able in suitable manner to fulfil their vocations as wives and mothers and helpmeets of the small farmers in their homes.

SWEDEN.

ARBETARTILLGÅNG, ARBETSTID OCH ARBETSLÖN INOM SVERIGES JORDBRUK ÅR 1913 (*Supply of Farm Labour in proportion to Demand, Hours of Work and Wages on Swedish Farms*). Statistical Yearbook (third Year), published by the Social Affairs Division, in the Series "Statistique officielle de la Suède". Stockholm, 1914. Nordstedt and Son, 8vo. pp. 120.

The Swedish Social Affairs Division has just published the third volume of its interesting statistical Yearbook concerned with the labour supply, the length of the working day and the wages on Swedish farms. The principal conclusions arrived at are as follows:

The general and increasing deficiency of labour in proportion to the requirements of Swedish agriculture, observed at the end of the last century is tending to increase still further. In 1913 the available agricultural labour only exceeded the limits of what was strictly indispensable in 49 % of all the communes. In 61.6 % of the communes it might be considered as sufficient for the requirements. Everywhere else, that is in 32.9 % of all the communes of the country it was clearly insufficient. In other words in that year, almost one third of the Kingdom suffered from a more or less serious lack of agricultural labourers. In 1912 the proportion was less unsatisfactory; the percentage of communes with an insufficient labour supply was then only 31.9.

The detailed statistics for the provinces show that it is generally in communes in which wages are lowest that the deficiency is most felt. To this rule, natural enough in itself, there are, however, very many exceptions, due to various circumstances of a purely local character.

Wages vary considerably according to the district and the kind of work. The average wages of men farm servants, for example, for the whole Kingdom was 326 Swedish crowns (1 cr. = 1.46 fr.) per ann., with board and lodging in addition, the board being calculated at 357 crowns a year on an average. For women the figures were: wages, 189 crowns, lodging and board, the latter calculated at 288 crs. per ann. In the most northerly province, Norrland, these two classes of farm servants receive every year also some clothing.

The average wages of farm managers are higher, generally 329 crs. in cash, to which is to be added 730 crowns in kind (including lodging reckoned at 64 crs. per ann.).

The permanent day labourer receives on an average 2.54 crs. a day in summer and 1.94 crs. a day in winter. When he also receives board, these figures are reduced respectively to 0.80 and 0.71 crs.

Lastly, the occasional day labourer receives on an average wages of 1.61 crs. per working day in summer and 1.07 cr. in winter. He also receives his board.

Let us further observe that a constant rise in these wages is to be noted in recent years. Thus, for example, the average wages of farm servants, calculated at 326 crs. in 1913, exceeds that given in 1912 by 8 crowns, or 2.5 % and that given in 1911 by 15 crowns or 4.8 %. The proportion is nearly the same for the wages of the other classes of agricultural labourers.

Let us observe that in spite of this progressive increase in wages the price of agricultural produce on the other hand tends to fall.

The above examples will serve to show all the interest presented by the new publication of the Social Affairs Division. Let us also observe that this publication, like most of the other Swedish statistical reports, is accompanied by a summary in French, and the headings of all the tables are also translated into French, so that the yearbook can be consulted even by persons ignorant of Swedish.

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